COPY -Application Southern Hills Surgery Ctr.

CN1411-047

${ m DSG}$ Development Support Group

November 14, 2014

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application Submittal

Relocation of Southern Hills Surgery Center

Davidson County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Jerry Taylor is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully, Wellborn

John Wellborn Consultant

SOUTHERN HILLS SURGERY CENTER

CERTIFICATE OF NEED APPLICATION TO RELOCATE WITHIN SOUTH DAVIDSON COUNTY

Submitted November 2014

PART A

1. Name of Facility, Agency, or Institution

Southern Hills Surgery Center		
Name		
NE Corner of Intersection of Old	d Hickory Boulevard & American	n General Way
		Davidson
Street or Route		County
Brentwood	TN	37250
City	State	Zip Code

2. Contact Person Available for Responses to Questions

John Wellborn		Co	onsultant	
Name	Title			
Development Support Group	jwdsg@comcast.net			
Company Name		E-N	Iail Address	
4219 Hillsboro Road, Suite 210	Nashville	TN	37215	
Street or Route	City	State	Zip Code	
CON Consultant	615-665-2022 615-665-2042		615-665-2042	
Association With Owner	Phone Number Fax Number			

3. Owner of the Facility, Agency, or Institution

Surgicare of Southern Hills, Inc. c/o Southern H	lills Medical Center	615-781-4150
Name		Phone Number
391 Wallace Road		
Street or Route		County
Nashville	TN	37211
City	State	Zip Code

4. Type of Ownership or Control (Check One)

		F. Government (State of TN or	
A. Sole Proprietorship		Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For-Profit)	X	I. Other (Specify):	
E. Corporation (Not-for-Profit)			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. Name of Management/Operating Entity (If Applicable)	N_{-}	uung Entity (1] Applicable) — N	Management/Operating	lanagement/O	Name of M).
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Name		
Street or Route		County
City	State	Zip Code

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	D. Option to Lease /10 years	X
B. Option to Purchase	E. Other (Specify):	
C. Lease of Years		

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment			
Center (ASTC) Multi-Specialty	X	J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional		P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)		(Specify):	
		Q. Other (Specify):	

8. Purpose of Review (Check as appropriate—more than one may apply

		G. Change in Bed Complement	
		Please underline the type of Change:	
		Increase, Decrease, Designation,	
A. New Institution		Distribution, Conversion, Relocation	
B. Replacement/Existing Facility	X	H. Change of Location	X
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data

NA

(Please indicate current and proposed distribution and certification of facility beds.)

Please indicate current and		CON		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
		approved			
	Current	beds		Beds	TOTAL
	Licensed	(not in	Staffed	Proposed	Beds at
	Beds	service)	Beds	(Change)	Completion
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility					
(non-Medicaid certified)					
M. Nursing Facility Lev. 1					
(Medicaid only)					
N. Nursing Facility Lev. 2					
(Medicare only)			-		
O Nursing Facility Lev. 2					
(dually certified for					
Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical					
Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds					
T. Mental Health					
Residential Treatment					
U. Residential Hospice					
TOTAL					

10. Medicare Provider Number: 3739642
Certification Type: ambulatory surgical treatment center

· I b · I b · A11 110/

11. Medicaid Provider Number: 411-1186

Certification Type: ambulatory surgical treatment center

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing ambulatory surgical treatment center (ASTC) with existing Medicare and Medicaid certifications.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Table One: Contractual Relationships with Service Area MCO's		
Available TennCare MCO's	Applicant's Relationship	
AmeriGroup or BlueCare	to be contracted	
United Healthcare Community Plan (formerly AmeriChoice)	to be contracted	
TennCare Select	to be contracted	

This ASTC temporarily suspended performing its own cases in 2008, and currently has no MCO contracts in place. But its facility is being used by TriStar Southern Hills Medical Center for hospital-registered endoscopy cases; and that hospital is is contracted with all area MCO's through master contracts between the MCO's and TriStar Health System, its Division office. The TriStar Division contracts cover all HCA hospitals and surgery centers in Middle Tennessee. The agreements allow all new HCA facilities to be added to the contract automatically. So this proposed ASTC facility at its new location will automatically enter into those contracts. The Division contracts also cover all three Statewide MCO's that will be in effect in January of 2015.

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- The project is to relocate and re-open an existing licensed ambulatory surgical treatment center (ASTC), at the same surgical room capacity, under the same ownership, and 5.5 miles southwest, within the same county. Southern Hills Surgery Center, wholly owned by HCA subsidiaries, and associated with TriStar Southern Hills Medical Center, proposes to move from leased space on Wallace Road to south Davidson County, where it will occupy leased space in a building owned by another HCA subsidiary. It was licensed at its current location in 2005.
- The relocated facility will have the same surgical room complement (5 rooms) that it has at its current location. It will have 3 operating rooms and 2 procedure/treatment rooms. At the new building, this ASTC will be larger in overall size; it will have more pre-op and post-op/recovery spaces; it will have larger operating rooms; it will bring itself into compliance with current and proposed codes and licensure standards for ASTC's.
- The applicant wholly owns the current ASTC operation on Wallace Road. Before 2008, when it moved its cases back into TriStar Southern Hills Medical Center, this ASTC was syndicated with TriStar's surgeons; and the applicant intends to syndicate it again at an owned site, based on strongly expressed physician interest. The applicant will retain majority ownership in such a syndication. The facility is not under a management contract currently, but will be if a future syndication occurs. The management entity at that time has not been identified; but it will be a wholly-owned HCA affiliate in order to keep revenues within the HCA organization.

Ownership Structure

- As explained in B.II.A below (page 13), Southern Hills Surgery Center, Inc. is wholly owned by HCA, Inc. through a series of wholly owned HCA subsidiaries. The applicant intends to syndicate the ASTC with physicians at the new location, but if that occurs, the applicant will maintain majority (51% or more) control of the facility.
- Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

Service Area

• The current primary service area of the hospital, its surgical staff, and its outpatient surgery cases, is a three-county area consisting of Davidson, Williamson, and Rutherford

Counties, which are within several miles of the hospital and its ASTC. The applicant projects that since most caseloads of the ASTC will be outpatient cases relocated from TriStar, the relocated ASTC will continue to have the same primary service area counties as the hospital.

Need

- The project is needed to improve space available for patient care and support. The ASTC needs to enlarge its operating rooms, increase its pre- and post-op/recovery spaces, improve its air handling systems, and make other changes to conform to current design standards of the industry, State licensure, and the latest AIA Guidelines. The existing facility is in a building that the applicant does not own, and cannot expand. A relocation is appropriate to enlarge this facility by almost 40%.
- Currently the ASTC is liable for monthly lease payments of approximately \$30,000. These are payments being lost to an unrelated third party lessor. HCA needs to recapture lease payments within its own organization, by moving this ASTC into property owned by an HCA affiliate. HCA's wholly-owned affiliate, Southpoint, LLC, has acquired property in south Davidson County, where it proposes to construct an ASTC building for lease to the CON applicant. If the applicant delays relocation, the ASTC risks becoming a captive tenant at a disadvantage in negotiating an extension of its lease on Wallace Road.
- The relocation of cases will save money for insurors. Currently these cases are being performed by the hospital, not by its ASTC. By moving several thousand cases into the proposed Brentwood ASTC, a much lower Medicare reimbursement schedule will apply (because ASTC's are often reimbursed at 40% less than hospitals, for the same surgical case).

Existing Resources

• There are no multispecialty surgery centers located in south Davidson County near Brentwood, a major population growth center for the Nashville area. The closest ones are in Franklin and Nashville. Within the three primary service area counties (Davidson, Williamson, and Rutherford), the applicant has identified 32 single-specialty and multispecialty ASTC's that perform cases of the type projected for this project. The great majority of them are concentrated in Nashville and Murfreesboro.

Project Cost, Funding, Financial Feasibility, Staffing

- The project cost for CON purposes (which includes the value of the leased building and its land) is estimated at \$17,357,832, of which \$9,282,612 is the actual capital cost for the applicant, and \$5,575,220 is the actual capital cost for the building developer/lessor. Both components will be funded by a cash transfer from HCA Holdings through HCA's local Division, TriStar Health System. The projected income and expense for the project indicate financial feasibility and positive cash flow.
- The project will be staffed with 22 FTE's recruited by HCA from local sources, including TriStar Southern Hills Medical Center.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 et seq.) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Overview

The project will replace and relocate a licensed HCA ambulatory surgical treatment facility ("ASTC") named Southern Hills Surgery Center. The proposed site is approximately 5.5 miles west of the facility's current location across the street from TriStar Southern Hills Medical Center, with which the ASTC is affiliated. The current location and the proposed location are both in far south Davidson County.

The project will not change the ASTC's scope of services, or its surgical capacity. The current facility is a licensed multi-specialty center with three operating rooms and two procedure rooms. The proposed facility will have the same authorized scope of services and the same surgical capacity.

There will be no change in the ASTC's primary service area counties. Tristar Southern Hills Surgery Center and Southern Hills Surgery Center have historically drawn most (85%) of their outpatient surgical utilization from Davidson, Williamson, and Rutherford Counties. This will continue at the new location.

There will be no change in ultimate ownership, or in operational control. The ASTC is part of the HCA group of acute care facilities in Davidson County and will remain under HCA control. The ASTC is operationally associated with HCA's TriStar Southern Hills Medical Center, whose surgical staff will also be the surgical staff of the ASTC at its new location. The ASTC at its current location does not have a management contract with any external (non-affiliated) company, and does not project having that at the new location. (If and when it is syndicated with its surgical staff, the ASTC will have a management contract, but only with a wholly-owned HCA subsidiary.)

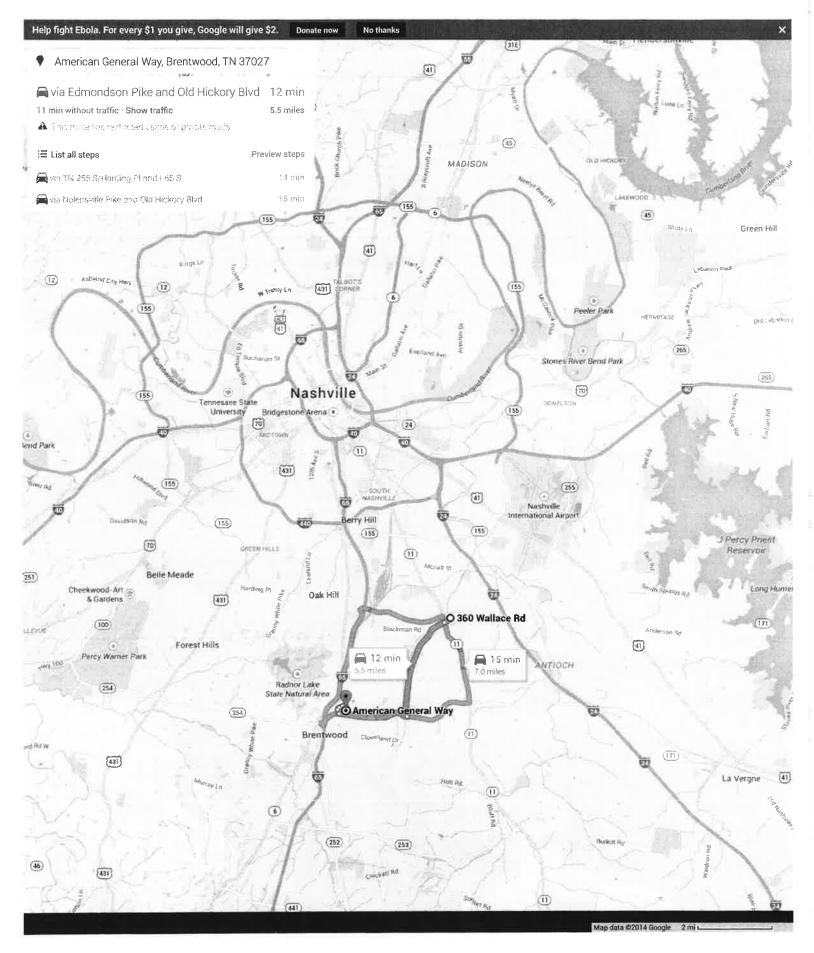
Site Information

For convenience, a site map for the facility and a map showing the current and proposed sites are provided after this page.

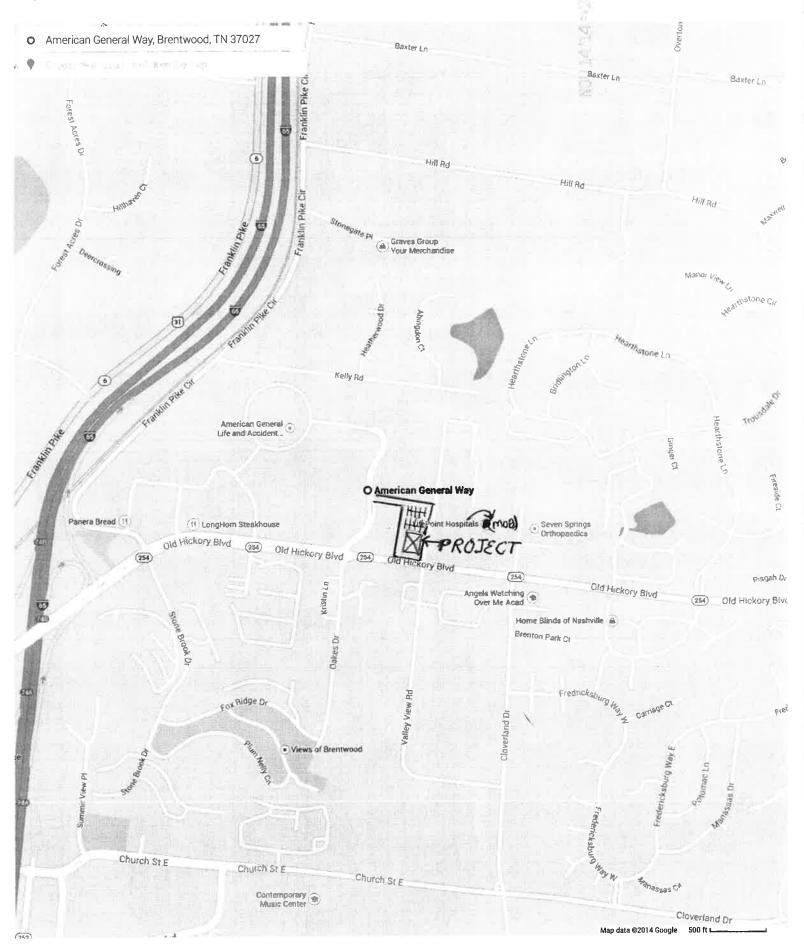
The current ASTC site is at 360 Wallace Road, Nashville, TN, 37211. It is across the street from TriStar Southern Hills Medical Center, located at 390 Wallace Road. The ASTC is within two blocks of the major intersection of Harding Road (eastwest roadway) and Nolensville Road (north-south roadway). The area around that intersection is informally known as the "Harding Mall" area. These facilities are in far south Davidson County, close to both Williamson and Rutherford Counties.

The proposed ASTC site is in nearby Brentwood, in far south Davidson County. The site is currently unaddressed. It is in the northeast quadrant of the intersection of Old Hickory Boulevard (an east-west roadway) and American General Way (a north-south street), just east of Interstate 65. The proposed Brentwood site is 5.5 miles and twelve minutes' drive west of the current ASTC site. Access to the proposed site will be by American General Way, just above its intersection with Old Hickory Boulevard.

The site is part of an undivided tract of land containing approximately 53 acres and several large office buildings. In 2014 the tract was acquired by Southpoint, LLC, an entity owned by HCA Health Services of Tennessee, Inc., and ultimately by HCA. Within this large tract, a 14-acre wooded segment on the east side of American General Way, bordered by Old Hickory Boulevard, is immediately available for development. Within that 14-acre segment, approximately 3.5 acres adjoining Old Hickory Boulevard are being allocated to the ASTC and its parking and circulatory drives. (Decisions have not yet been made on future uses of the remainder of the 53-acre tract; physician offices and additional outpatient services are being evaluated.)



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https://www.google.com/maps/dir/American+General+Way, + Brentwood... 26ad 47eeb: 0xa3e9aldb fef 695a1! 2m2! 1d-86.7727445! 2d36.0424359! 1m0 and 1m2 for all the properties of the properties

Physical Description of the Facility

The ASTC will be a one-story facility, approximately 18,109 SF in size. It will have a canopied entrance. It will contain three operating rooms, two procedure rooms, and shelled space for a future fourth operating room. It will have thirteen pre-op and five post-op/recovery stations. These will be supported by a nursing station, sterile and soiled work areas, equipment storage, linen rooms, staff lounge, administration and business offices, a reception and waiting area with a pediatric playroom, consulting offices, staff showers and lockers, and other support spaces.

Table Two: Summary of Construction and Changes in Size		
	Total Square Feet	
Facility At Current Wallace Rd. Location	12,958 SF	
Facility At Proposed Brentwood Location	18,100 SF	
Net Increase in Size (%)	+39.7%	
Area of New Construction	18,100 SF	
Area of Renovation	none	
Total New & Renovated Construction	18,100 SF	

Project Cost and Funding

It is anticipated that Southpoint, LLC (an HCA subsidiary that owns the land) will develop the project building as shell space, to specifications of HCA, and that Southpoint will then lease the building to Surgicare of Southern Hills, Inc. (an HCA subsidiary which is the CON applicant) to build it out and to equip it as an ASTC.

The estimated project cost for CON purposes is \$17,357,832. Of this, \$8,075,220 is the fair market value of the land and shell building to be provided by the developer/lessor, and \$9,282,612 is the estimated capital expenditure by the applicant/licensee for building out and equipping the shell building.

Both the lessor and the applicant/lessee will receive funding for all project costs from HCA Holdings, Inc., their common parent company.

Project Implementation and Hours of Service

If granted final CON approval by March 1, 2015, the facility can be opened for service at the new location in mid-2016. Its first full calendar year of operation will be CY2017. It will provide ambulatory surgical services Monday through Friday, from 8 AM to 4 PM.

Ownership and Parties Involved in the Project; History of ASTC Licensure

- a. The Developer/Lessor: Southpoint, LLC owns the 53-acre tract that includes this project site. Southpoint, LLC is wholly owned by HCA Health Services of Tennessee, Inc., which is wholly owned by Healthserv Acquisition, LLC, which is wholly owned by Healthtrust, Inc.--The Hospital Company, which is wholly owned by HCA, Inc., which is wholly owned by HCA Holdings, Inc. Southpoint has granted an option to Surgicare of Southern Hills, Inc. (the CON applicant and licensee of the existing ASTC on Wallace Road) under which Surgicare can have Southpoint construct a shell ASTC building at the site, and lease it to Surgicare for completion and use as an ASTC.
- b. The CON Applicant/Lessee/Licensee: Like Southpoint, Surgicare of Southern Hills, Inc., which holds the license for Southern Hills Surgery Center on Wallace Road, is wholly owned by HCA Health Services of Tennessee, Inc., which is wholly owned by Healthserv Acquisition, LLC, which is wholly owned by Healthtrust, Inc.--The Hospital Company, which is wholly owned by HCA, Inc., which is wholly owned by HCA Holdings, Inc.
- c. The Current ASTC Facility on Wallace Road: It was approved in 2004 (CN 0412-110) and licensed in 2005, located in a building leased from an unrelated third party. When originally developed, it was owned by Southern Hills Surgery Center, L.P., in which Surgicare of Southern Hills, Inc. was the general partner. Surgeons on the staff of TriStar Southern Hills Medical Center held partnership interests. Several years later the L.P. was dissolved and Surgicare of Southern Hills, Inc., became sole owner and licensee as it is currently. In mid-2008, it ceased to perform significant numbers of cases and its cases were moved back to the hospital. It has not performed cases as an ASTC since that

time. However, it is being used by TriStar Southern Hills Medical Center for the hospital's own GI endoscopy cases, for lack of hospital surgical capacity on peak days. That utilization has been included in the hospital's Joint Annual Reports.

The applicant hopes to syndicate the ASTC again at the new site, based on strongly expressed physician interest. The applicant will retain majority ownership of at least 51%, if a syndication occurs. The facility is not under a management contract currently, but it will be if a future syndication occurs, bringing minority ownership interests into the operation. The future management entity in that scenario has not been identified; but it will be a wholly-owned HCA affiliate in order to keep revenues within the HCA organization. The probable management entity will be HCA's wholly owned Medical Care America (i.e., the Surgery Center Division of the company), which manages many HCA surgery centers.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

See Attachment B.II.A.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

ASTC construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Table Thr	ee: Ambulatory Surger Years: 20	ry Center Construc 011-2013	ction Cost PSF
	Renovated Construction	New Construction	Total Construction
1 st Quartile	\$95.04/sq ft	\$174.88/sq ft	\$113.55/sq ft
Median	\$113.55/sq ft		\$162.00/sq ft
3rd Quartile	\$150.00/sq ft	\$269.76/sq ft	\$223.62/sq ft

Source: CON approved applications for years 2011 through 2013

This project's estimated construction cost in CY2013 is approximately \$360 PSF overall, combining the cost of the lessor/developer for the shell building, and the cost of the CON applicant/lessee for finishing out the shell building as an ASTC.

7	Table Four: This Proje	ct's Construction Cost	s	
	Shell Construction by Lessor	Build-out by Applicant/Lessee	Total Project	
Square Feet	18,109 SF	18,109 SF	18,109 SF	
Construction Cost	\$2,444,715	\$4,074,525	\$6,519,240	
Constr. Cost PSF	\$135	\$225	\$360	

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable to an ambulatory surgical treatment center.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

- 1. ADULT PSYCHIATRIC SERVICES
- 2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
- 3. BIRTHING CENTER
- 4. BURN UNITS
- 5. CARDIAC CATHETERIZATION SERVICES
- 6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
- 7. EXTRACORPOREAL LITHOTRIPSY
- 8. HOME HEALTH SERVICES
- 9. HOSPICE SERVICES
- 10. RESIDENTIAL HOSPICE
- 11. ICF/MR SERVICES
- 12. LONG TERM CARE SERVICES
- 13. MAGNETIC RESONANCE IMAGING (MRI)
- 14. MENTAL HEALTH RESIDENTIAL TREATMENT
- 15. NEONATAL INTENSIVE CARE UNIT
- 16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
- 17. OPEN HEART SURGERY
- 18. POSITIVE EMISSION TOMOGRAPHY
- 19. RADIATION THERAPY/LINEAR ACCELERATOR
- 20. REHABILITATION SERVICES
- 21. SWING BEDS

Not applicable. This project does not add another licensed surgical facility, or increase licensed surgical capacity, or type of acute care service, within the service area.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

- 1. <u>Improved Physical Facility</u>--The Wallace Road facility was built to design standards and State licensure codes in effect in 2005, a decade ago. Since then, design standards and State codes have changed. They are anticipated to change again when the 2014 AIA standards are adopted for Tennessee licensure. Replacing the ASTC with a new facility designed to more modern standards will provide a better patient care environment. For example:
- The existing facility's operating rooms are approximately 340 SF in size; the new facility's will be 415 SF in size--a 22% increase in floor space.

- The existing facility has only 14 pre-op and post-op recovery spaces. The new facility will have 23: 18 pre-op and 5 post-op/recovery stations, for the same surgical room complement. This will be a 64% increase in stations.
- The new facility will have air changes in the OR's 15 times a day; the existing facility has far fewer air changes per day.
- These and other improvements in support spaces will give the new facility an area of 18,100 SF, compared to the current location's area of 12,958 SF--an increase of 40%.
- 2. Improved Accessibility for Patients in South Davidson and North Williamson Counties --There are no multidisciplinary ASTC's currently in the Brentwood area. There are some in Davidson County north of Brentwood; and there are some near I-65 at the Franklin exit several miles south of this project. But the populous, high-growth residential and office communities near Brentwood (in both South Davidson and North Williamson Counties) have no multidisciplinary ambulatory surgery facilities. This relocation project will provide that option, without increasing the number of licensed ASTC's and surgical rooms in the service area.
- 3. <u>Lower Costs for Payors</u> -- Hospitals are reimbursed by Medicare (and many other insurors) at up to 40% more than ASTC's are reimbursed, for the same procedures. Moving a large number of TriStar Southern Hills Medical Center's outpatient cases into the proposed ASTC facility will provide savings for the health care system.
- 4. Recapture of Lease Expenditures—The ASTC is now leasing its building from an unrelated third party, for substantial annual lease payments of approximately \$30,000 per month. HCA would prefer to "buy rather than rent" the real estate for its ASTC. Although there will be a lease at the new site, those lease payments will be made to other HCA subsidiaries, staying within the company.

And if the ASTC remains where it is, and seeks to renew its lease, it will be at a serious negotiating disadvantage by virtue of being a captive tenant.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 - 1. Total Cost (As defined by Agency Rule);
 - 2. Expected Useful Life;
 - 3. List of clinical applications to be provided; and
 - 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. No major medical equipment is included in the project.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project's service area has excellent access to the proposed Brentwood site. The site is in far south Davidson County, on Old Hickory Boulevard, within yards of Exit 74 on I-65. Old Hickory is a high-speed, east-west traffic corridor for most of its length, running across south Davidson County and connecting I-40, I-65, and I-24--which are major interstate corridors that bring travelers toward Nashville from Davidson, Williamson, and Rutherford Counties. So the project will be well-positioned to continue to serve residents of these three counties; and it will be very visible to patients arriving on Old Hickory Boulevard.

Table Five on the next page provides a comparison of drive times between a dozen communities in these three counties and the current and proposed ASTC sites. The average distances and drive times at the base of the chart show that the proposed site is just as accessible to service area communities as is the current site.

		Table Five:	Drive Times a	und Distance	s Between Sei	Drive Times and Distances Between Service Area Communities	nmunities		
28		and Sou	uthern Hills S	urgery Cent	er's Proposed	thern Hills Surgery Center's Proposed and Current Sites	Sites		
			To Proposed Site	sed Site			To Existing Site	ing Site	
County	City	Miles	RT Miles	Minutes	RT Minutes	Miles	RT Miles	Minutes	RT Minutes
Davidson	Nashville	10.7	21.4	15	30	9.3	18.6	16	32
	Hermitage	8.61	39.6	24	48	11.4	22.8	23	46
	Bellevue	10.1	20.2	21	42	12.6	25.2	26	52
Williamson	Brentwood	0	0	0	0	5.9	11.8	13	26
	Franklin	12.8	25.6	16	38	17.8	35.6	25	50
	Thompson	ion.							
	Station	22	44	26	52	27	54	32	64
	Nolensville	10.7	21.4	21	42	9.7	19.4	20	40
	Fairview	22.2	44.4	36	72	27.2	54.4	43	98
	Triune	20.6	41.2	26	52	16.8	33.6	28	56
Rutherford	Lavergne	14.6	29.2	24	48	12.4	24.8	16	32
	Smyrna	18.7	37.4	31	62	16.5	33	23	46
	Murfreesboro	28.9	57.8	38	92	26.7	53.4	30	09
	Averages	15.9	31.9	23.4	46.8	16.1	32.2	24.6	49.2

Source: Google Maps, 11-14

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

(Note: The State Health Plan criteria for Ambulatory Surgical Treatment Centers is not applicable because the project does not propose an additional licensed facility or additional licensed surgical capacity.)

<u>Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions</u>

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable; none of these changes is being proposed.

- 2. For relocation or replacement of an existing licensed healthcare institution:
- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strugths and weaknesses of each alternative.

The applicant has provided detailed cost projections for relocation to a new site. However, it is not feasible to create a budget or a plan for renovation, for two reasons. First, renovation would not expand the building footprint, which would be needed to expand the size of surgical rooms, add pre-op and recovery spaces, and expand other support spaces to conform to current design and licensure standards. The applicant does not own the building and can't compel its expansion. Second, even with a renovation, staying at this location will force the applicant to continue making large lease payments to an unrelated third party. One of the primary objectives of this project is to recapture the lease payments within the applicant's own organization, i.e., to direct them to another wholly owned HCA subsidiary company.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant is submitting letters of support from surgeons who will perform cases at the new location. Those commitments, plus the prospect of continued population growth within a half hour's drive of the new site, provide reasonable assurance that this relocation of an existing facility will be feasible and that the caseload projections will be met.

- 3. For renovation or expansion of an existing licensed healthcare institution:
- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
- b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable; this is a replacement project and not a renovation or expansion project.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The project will increase access to multispecialty ambulatory surgical care by moving resources closer to population growth centers. It will provide a better physical facility for surgical care than the older facility being replaced. This are positive factors for healthcare services in the area.

2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The project is consistent with the State Guidelines for the replacement of acute care facilities. Re-opening this ASTC for service within one of the State's highest-growth communities (Brentwood) expands that community's options for convenient access to ambulatory surgery.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The project will provide an efficient facility for the delivery of care, one which conforms to current codes and design standards. This will be done without increasing the total licensed complement of surgical rooms or ASTC's in the service area.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

By replacing an older facility with one designed to newer industry and licensure standards, the project will enhance quality as defined by State Licensure.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The project has no apparent net impact on the healthcare workforce.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

Since the ASTC temporarily suspended performance of ASTC cases in 2008, its owner (HCA) has been waiting for an opportunity to relocate it to a better building at a location more accessible to service area patients, one which would recapture lease payments within the HCA organization of companies. During that time, the hospital has performed many of its own cases (GI) in the ASTC to free up O.R. time in the main hospital operating suite.

Now that the facility's parent company has acquired a suitable HCA-owned site several miles to the west, within the same service area and satisfactory to its prospective surgical staff, it is timely to propose the relocation and reopening of these ambulatory surgery services.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

In its initial years, the project's patient origin is expected to reflect the current ambulatory surgery patient origin of TriStar Southern Hills Medical Center. The surgeons who will practice at the relocated facility comprise many of the hospital's current surgical staff. Patient origin projections are in Table 6 below. The three primary service area counties will generate approximately 85% of the cases. No other county is expected to generate even 3% of the caseloads.

Table Six	: Projected Patient O	rigin of PCET Surger	y Center
County	Percent of Total	Year One Cases	Year Two Cases
Davidson	65%	2,061	2,341
Rutherford	12%	381	432
Williamson	8%	254	288
Subtotal PSA	85%	2,696	3,061
Wilson	2%	63	72
Maury	2%	63	72
Other Co. <2%	11%	348	397
Total All Counties	100%	3,170	3,602

Source: Practice records for patient origin; cases projected in Table 6-A

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see Table Seven on the following page. The primary service area (PSA) population has a younger median age (approximately 35) than the State average age of 38 years. Between this year and 2018, the PSA population is projected by State demographers to increase by 7.1%, almost twice as fast as the 3.7% rate of increase forecasted for the State.

The PSA's elderly age 65+ population is almost 11% of the total population, much less than the 15% Statewide percentage. By 2018, the PSA and State percentages of elderly are projected to reach almost 12% and approximately 16%, respectively. However, the projection is for the PSA's age 65+ population to increase 17.6% over the next four years, compared to a 12.3% increase Statewide.

In terms of income, the PSA's median household income of \$64,309 is far above the State average of \$44,140. TennCare enrollment in the PSA is 14.9% of the population versus 18.8% Statewide. The persons living in poverty in the PSA are 14.9% of the population, compared to 17.3% Statewide.

Table Seven: Demographic Characteristics of Primary Service Area Center	mographic Center	raphic Characteristics of I Centennial Medical Center	tics of Prim I Center	ary Service	Area
Siductioned	DAVIDSON	RUTHERFORD	WILLIAMSON	TENNESSEE	STATE OF
Median Age-2010 US	33.9	32.2		34.9	38.0
Total Population-2014	656,385	293,582	202,923	1,152,890	6,588,698
Total Population-2018	682,330	329,446	223,333	1,235,109	6,833,509
Total Population-% Change 2014 to 2018	4.0%	12.2%	10.1%	7.1%	3.7%
Age 65+ Population-2014	74,375	27,218	23,028	124,621	981,984
% of Total Population	11.3%	9.3%	11.3%	10.8%	14.9%
Age 65+ Population-2018	85,594	33,222	27,729	146,545	1,102,413
% of Total Population	12.5%	10.1%	12.4%	11.9%	16.1%
Age 65+ Population- % Change 2014-2018	15.1%	22.1%	20.4%	17.6%	12.3%
Median Household Income	\$46,676	\$55,105	\$91,146	\$64,309	\$44,140
TennCare Enrollees (4/14)	124,103	38,869	9,214	172,186	1,241,028
Percent of 2014 Population Enrolled in TennCare	18.9%	13.2%	4.5%	14.9%	18.8%
Persons Below Poverty Level (2014)	121,431	38,166	11,770	171,366	1,139,845
Persons Below Poverty Level As % of Population (US Census)	18.5%	13.0%	5.8%	14.9%	17.3%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts; TernCare Bureau. PSA data is unweighted average or total of county data, as appropriate.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

This three-county area of Middle Tennessee is relatively prosperous compared to the rest of the State, although there are large pockets of lower-income communities, especially in more rural sectors and inner city sectors of these counties. This project will be accessible to the above groups. HCA TriStar facilities accept both Medicare and TennCare patients. The ASTC will serve all of the above groups. It will provide limited charity care, which is the policy of almost every ASTC in the area, because its positive operating margin is not large.

	thern Hills Surgery Center Special Needs Groups
Category	Percentage of Gross Revenues, Yr. 1
Medicare Payor Mix	17.3%
Medicaid/TennCare Payor Mix	12.1%
Charity Care Payor Mix	0.5%

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

Tables Nine A-C following this page list reported 2011-2013 capacity and caseloads for the PSA ASTC's that performed cases of types projected for this project. The applicant has excluded only a few facilities, such as those dedicated to MUA, pain management, and radiation therapy.

One difficulty for health planning analysis is that the State Joint Annual Reports do not clearly show case utilization for OR's and procedure rooms separately, so the State Plan's request for applicants to analyze utilization for each type of room separately can not be answered at this time.

However, taking all cases in relation to all surgical rooms (whether operating rooms or procedure rooms), the service area facilities have been averaging approximately 900 cases per surgical room, annually, in the past 3 years. Although the State Plan "Need" review criteria do not apply to this project, the areawide average utilization of ambulatory surgical facilities is reasonably consistent with the goal of the State Plan.

Table Nine-A: Southern Hills Surgery Center Utilization of Surgery Centers in the Primary Service Area of This Project 2013 Joint Annual Report of ASTC's Total Cases Per **Procedure** Surgical Total Surgical Rooms Rooms Cases Room Facility Name O.R.'s County 690 345 Davidson American Endoscopy Center 3 1,479 o 3 4,438 Associated Endoscopy 7 1,020 6 1 7,137 Baptist Ambulatory Surg Center 9 1 10 8.094 809 Baptist Plaza Surgicare 902 6 2 8 7,214 Centennial Surgery Center 6,049 1,512 Digestive Disease Endos Center 4 4 0 2 0 1,198 599 2 Eye Surg Cntr of Middle TN 4,300 2.150 1 1 Eye Surg Center of Nashville 0 3 3 284 95 **Gurley Surgery Center** 675 1 3 2,025 LVC Outpatient Surg Center 2 O 3 3 2,429 810 Mid-State Endoscopy Center 0 3 3 2,754 918 Nashville Endo Surg Center 0 3 3 2,384 795 Nashville GI Endoscopy Cntr 715 6 4,292 5 Nashville Surgery Center 1 0 1 148 148 Nashville Vision Correction 422 5 2 2,954 Northridge Surgery Center 2 1,243 2,485 2 0 Premier Orthopaedic Surg Cntr 1,020 6 1 7,137 Saint Thomas Campus Surgicare 3 593 2 1 1,779 Saint Thomas OP Neurosurgical Cntr. 0 3 3 2,695 898 Southern Endoscopy Center NR NR NR NR NR Southern Hills Surgery Center 1.712 2 3.424 Saint Thomas Med Group Endos Cntr. 0 2 5,474 912 5 1 6 Summit Surgery Center 3 908 6 5,445 Urology Surgery Center 3 2 905 453 Wesley Ophthalmic Plastic Surg Cntr. 2 0 5 1 6 7.780 1.297 Williamson Cool Springs Surgery Center 2 2 4 2,655 664 Franklin Endoscopy Center 2 2 816 0 1,632 Rutherford Mid-State Endoscopy Center 7 6,552 936 Middle TN Ambulatory Surg Center 6 1 4 1 5 3,032 606 Physicians Pavillion Surgery Center 1,420 3 3 6 8,521 Surgicare of Murfreesboro Med Clinic 0 1 56 56 Williams Surgery Center 1

115,962

129

899

TOTAL PRIMARY SERVICE AREA

	Table Nine-B: Southern H					
Utiliza	tion of Surgery Centers in the Prin	nary S	ervice A	ea of Th	is Proje	<u>ct</u>
	2012 Joint Annual Report of AST	C's				
				Total		Cases Per
			Procedure	Surgical	Total	Surgical
County	Facility Name	O.R.'s	Rooms	Rooms	Cases 809	Room 405
Davidson	American Endoscopy Center	1	1	2		
	Associated Endoscopy	0	3	3	4,477	1,492
	Baptist Ambulatory Surg Center	6		7	7,443	1,063
	Baptist Plaza Surgicare	9		10	8,215	822
	Centennial Surgery Center	6		8	7,491	936
	Digestive Disease Endos Center	0	4	4	5,863	1,466
	Eye Surg Cntr of Middle TN	2	0	2	432	216
	Eye Surg Center of Nashville	1	1	2	2,631	1,316
	Gurley Surgery Center	0		3	302	101
	LVC Outpatient Surg Center	2		3	2,077	692
	Mid-State Endoscopy Center	0		3	2,631	877
	Nashville Endo Surg Center	0		3	2,655	885
	Nashville GI Endoscopy Cntr	0		2	2,640	1,320
	Nashville Surgery Center	5		6	4,126	688
	Nashville Vision Correction	1		1	166	
	Northridge Surgery Center	5		7	2,863	
	Premier Orthopaedic Surg Cntr	2		2	2,277	1,139
	Saint Thomas Campus Surgicare	6		7	7,446	
	Saint Thomas OP Neurosurgical Cntr.	2		3	2,530	
	Southern Endoscopy Center	0		3	2,762	921
	Southern Hills Surgery Center	NR		NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0		2	3,608	
	Summit Surgery Center	5		6	5,775	963
	Urology Surgery Center	3		6	6,705	1,118
	Wesley Ophthalmic Plastic Surg Cntr.	2	0	2	764	382
Williamson	Cool Springs Surgery Center	5		6	7,292	1,215
	Franklin Endoscopy Center	0		2	2,530	1,265
Rutherford	Mid-State Endoscopy Center	0	2	2	1,125	563
	Middle TN Ambulatory Surg Center	6	1	7	6,490	927
	Physicians Pavillion Surgery Center	4	1	5	2,864	
	Surgicare of Murfreesboro Med Clinic	3	3	6	7,984	1,331
	Williams Surgery Center	1	0		65	
	TOTAL PRIMARY SERVICE AREA			126	115,038	913

Table Nine-C: Southern Hills Surgery Center Utilization of Surgery Centers in the Primary Service Area of This Project 2011 Joint Annual Report of ASTC's

	2011 Joint Annual Report of ASTC	3				
Count	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
County	American Endoscopy Center	1	1	2	602	
Davidson	Associated Endoscopy	0	3	3	5,222	
	Baptist Ambulatory Surg Center	6		7	7,304	
	Baptist Ambulatory Surg Center Baptist Plaza Surgicare	9		10	9,171	917
	Centennial Surgery Center	6		8	7,405	
	Digestive Disease Endos Center	0		4	5,845	
	Eye Surg Cntr of Middle TN	NR		NR	NR	
	Eye Surg Center of Nashville	1		2	2,524	
	Gurley Surgery Center	0		3	300	
	LVC Outpatient Surg Center	2		3	1,902	634
	Mid-State Endoscopy Center	0			2,404	
	Nashville Endo Surg Center	0			2,594	
	Nashville GI Endoscopy Cntr	0			2,698	
	Nashville Surgery Center	5		6	4,155	
	Nashville Vision Correction	1			132	
	Northridge Surgery Center	4	2	6	3,201	
	Premier Orthopaedic Surg Cntr	2	0		2,382	
	Saint Thomas Campus Surgicare	6			7,639	1,091
	Saint Thomas OP Neurosurgical Cntr.	2		3	2,469	
	Southern Endoscopy Center	0	3	3	2,591	
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0		2	3,411	1,706
	Summit Surgery Center	5	1	6	6,505	1,084
	Urology Surgery Center	3	3	6	7,608	1,268
	Wesley Ophthalmic Plastic Surg Cntr.	2	0	2	754	377
Williamson	Cool Springs Surgery Center	5		6	6,501	1,084
VIIIIamon	Franklin Endoscopy Center	0	2	2	2,527	1,264
	Williamson Surgery Center	4	1	5	3,410	682
Rutherford	Mid-State Endoscopy Center	0	2	2	134	67
T COLLIGITOR OF	Middle TN Ambulatory Surg Center	6	1	7	6,264	895
	Physicians Pavillion Surgery Center	4	1	5	2,976	
	Surgicare of Murfreesboro Med Clinic	4	3	7	7,655	1,094
	Williams Surgery Center	1	0	1	134	
	TOTAL PRIMARY SERVICE AREA			129	118,419	918

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6.STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION REGARDING **PROVIDE** THE DETAILS ADDITIONALLY, UTILIZATION. THE **PROJECT METHODOLOGY** USED TO **INCLUDE** DETAILED CALCULATIONS OR METHODOLOGY **MUST** DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Tables Ten-A and Ten-B below provide the historical utilization of this facility from CY2006-CY2014, and project utilization through CY2021, the facility's first five years of operation at the new site.

In historical Table Ten-A, the data are ASTC cases. The facility operated two and a half years before suspending surgeries in mid-2008. The 1,390 cases in 2008 were for approximately a half-year. The 556 cases per room represents utilization for half a year.

The data for 2011-2014 are hospital GI endoscopy patients (not ASTC patients) whose cases were scheduled into the vacant capacity at the ASTC facility to free up hospital-based surgical rooms for other cases. The 2014 cases have been annualized based on January-October experience. These GI endoscopy cases have been included in the hospital's Joint Annual Reports for those years. The ASTC has not filed Joint Annual Reports for those years.

Table Ten-A: Southern Hills Surgery Center Historical Utilization CY2006-CY2014 Annualized								
Year Rooms Rooms Rooms Cases Room								
2006	3	2	5	2,587	517			
2007	3	2	5	2,519	504			
2008	3	2	5	1,390	556			
(ASTC C	ases Suspended	Pending Furth	er Long Range	Planning for the	Facility)			
2011	3	2	5	2,206	441			
2012	3	2	5	2,351*	470*			
2013	3	2	5	2,429*	486*			
2014	3	2	5	2,542*	508*			

^{*}Use of the ASTC By TriStar Southern Hills Medical Center for hospital outpatient cases

Table Ten-B: Southern Hills Surgery Center Projected Utilization At Proposed New Location CY2017-CY2020							
Year Rooms Rooms Cases Rooms Cases							
Yr 1 - 2017	3	2	5	3,170	634		
Yr 2 - 2018	3	2	5	3,602	720		
Yr 3 - 2019	3	2	5	3,710	742		
Yr 4 - 2020	3	2	5	3,821	764		
Yr 5 - 2021	3	2	5	3,936	787		

Year One projections were made by HCA on the basis of physician interviews with Southern Hills administration and HCA Surgery Center Division staff. For Year Two a 13.6% increase was projected as physician activity ramps up; for subsequent years, an annual caseload increase of 3% was projected.

Table Ten-C below is the HCA Surgery Center Division's projection of Years One and Two cases by medical specialty.

Table Ten-C: Southern Hills Surgery Center Projected Utilization in Years One and Two By Specialty					
Surgical Specialty	Year One (CY 2017)	Year Two (CY 2018)			
Otolaryngology (ENT)	370	420			
General Surgery	282	320			
Gastroenterology (Endo)	1,584	1,800			
Gynecology	88	100			
Podiatry	327	372			
Urology	264	300			
Neurology/Spine	264	300			
Other	150	170			
Totals	3,170	3,602			

All of the projected Year One cases are expected to be moved to the ASTC from TriStar Southern Hills Medical Center, where they are now being performed as hospital outpatient surgeries. None of the projected cases depend on speculation about recruiting additional surgeons not currently on staff at Southern Hills; although this could occur by the time the relocated facility is completed.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response, all costs were estimated by the Surgery Center Division of HCA, which has been assisting TriStar Southern Hills Medical Center plan a replacement facility for this ASTC. In making cost estimates the project architect was continuously involved.

Lines A.3 and A.4, site acquisition and improvement costs, are zero because the lessor and not the CON applicant is providing the site. The applicant is building out

shelled space for the project and the applicant's costs are in Sections A and C of the Chart.

Line B.2 is the fair market value of the facility being leased, calculated in the two alternative ways required by staff rules. The building value outlay was the larger of these two alternative calculations and was used in the Project Cost Chart. Please see the following page for calculation of the building value and lease outlay.

Line B.3 is the allocated value of 3.5 acres of an undivided tract of 14 acres within the larger 53-acre site acquired by Southpoint, LLC for future development. The 14 acres were valued by an appraiser in 2013 at \$9,583,200. Allowing for a year's increase in value, the applicant estimated its current value at \$10,000,000. Then the 3.5 acre site of the ASTC was valued using the following calculation:

3.5 acres / 14 acres X \$10,000,000 = \$2,500,000

Alternative A: Lease Outlay

\$507,052 annual lease cost X 10 years in first lease term, with a 3% annual escalator after Year One, equals a lease outlay of \$5,812,783 during the first lease term.

Alternative B: Building and Land Valuation

Estimated project costs, all of which will provided by the lessor = \$5,575,220 for the building (see table below) and \$2,500,000 allocated cost of the site, for a total of \$8,075,220. Building expenditures are itemized below, using the CON form's cost categories. The land value is on line B.3 of the Project Cost Chart.

Lessor's Costs of Developing the Shelled	Building for the Lessee/CON Applicant
A. Construction & Equipment Purchased	
1. A&E Fees	\$377,524
2. Legal, Administrative, Development Fees	\$50,000
3. Acquisition of Site	
4. Preparation of Site	\$1,750,000
5. Construction Cost	\$2,444,715
6. Contingency	\$419,472
7. Fixed Equipment	0
8. Moveable Equipment	0
9. Other (IT, telecomm., misc.)	\$304,315
B. Acquisition by Gift, Donation, or Lease	
1. Facility (Building+Land)	0
2. Building Only	0
3. Land Only	0
4. Equipment (Specify)	0
5. Other (Specify)	0
C. Financing Costs & Fees	
1. Interim Interest	\$229,194
2. Underwriting Costs	0
3. Reserve for 1 Yr Debt Service	0
4. Other (Specify)	0
D. Estimated Project Cost (A+B+C)	\$5,575,220
E. CON Filing Fee	NA
F. Total Estimated Project Cost (D+E)	\$5,575,220

PROJECT COSTS CHART-SOUTHERN HILLS SURGERY CENTER

A.	Construction and equipment acquired by purcha	ase:	
	 Architectural and Engineering Fees Legal, Administrative, Consultant Fees (Exc. Acquisition of Site Preparation of Site Construction Cost Contingency Fund Fixed Equipment (Not included in Construction Moveable Equipment (List all equipment ov Other (Specify) Misc. fees, testing, or Information Systems 	tion Contract)	366,707 50,000 0 0 4,074,525 407,453 3,394,851 345,108 225,000
B.	Acquisition by gift, donation, or lease:		
	 Facility (inclusive of building and land) Building only Land only Equipment (Specify) Other (Specify) 		5,575,220 2,500,000
C.	Financing Costs and Fees:		
	 Interim Financing Underwriting Costs Reserve for One Year's Debt Service Other (Specify) 		380,001
D.	Estimated Project Cost (A+B+C)		17,318,865
E.	CON Filing Fee		38,967
F.	Total Estimated Project Cost (D+E)	TOTAL \$	17,357,832
		Actual Capital Cost Section B FMV	9,282,612 8,075,220

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

- a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY-2).
- A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;
- _____D. Grants--Notification of Intent form for grant application or notice of grant award;
- <u>x</u> <u>E</u>. Cash Reserves--Appropriate documentation from Chief Financial Officer; or
- F. Other--Identify and document funding from all sources.

All of the funds required to implement the project will be provided in the form of a cash transfer from HCA Holdings, Inc., through its Division office, TriStar Health System. The financial statements of HCA Holdings, Inc. are provided in the Attachments to the application.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, which is repeated here:

ASTC construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Table Three: Ambulatory Surgery Center Construction Cost PSF Years: 2011-2013					
	Renovated Construction	New Construction	Total Construction		
1 st Quartile	\$95.04/sq ft	\$174.88/sq ft	\$113.55/sq ft		
Median	\$113.55/sq ft		\$162.00/sq ft		
3rd Quartile	\$150.00/sq ft	\$269.76/sq ft	\$223.62/sq ft		

Source: CON approved applications for years 2011 through 2013

This project's estimated construction cost in CY2013 is approximately \$360 PSF overall, combining the cost of the lessor/developer for the shell building, and the cost of the CON applicant/lessee for finishing out the shell building as an ASTC.

Table Four: This Project's Construction Costs						
	Shell Construction by Lessor	Build-out by Applicant/Lessee	Total Project			
Square Feet	18,109 SF	18,109 SF	18,109 SF			
Construction Cost	\$2,444,715	\$4,074,525	\$6,519,240			
Constr. Cost PSF	\$135	\$225	\$360			

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE PROJECTED DATA CHART REQUESTS FOR THE INSTITUTION. INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF PROJECTED DATA CHART SHOULD INCLUDE THIS PROPOSAL. REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., **INCLUDE** APPLICATION IS FOR ADDITIONAL BEDS, ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

The Southern Hills Surgery Center has suspended surgical services, but retained its license, since 2008. Its Historical Data Chart for the years 2006-2008 is so outdated that it would likely be meaningless to the CON review process.

A Projected Data Chart for the project is provided following this page.

PROJECTED DATA CHART-- SOUTHERN HILLS SURGERY CENTER

Give information for the two (2) years following the completion of this proposal. Year Two Year One The fiscal year begins in January. CY 2017 CY 2018 3,170 3,602 Cases **Utilization Data** A. Revenue from Services to Patients B. Inpatient Services 28,043,009 32,345,061 2. **Outpatient Services** 3. **Emergency Services** 4. Other Operating Revenue (Specify) See notes page 28,043,009 32,345,061 **Gross Operating Revenue** C. **Deductions for Operating Revenue** 23,438,832 \$ 27,034,561 Contractual Adjustments 1. 140,215 161,725 2. Provision for Charity Care Provisions for Bad Debt 89,279 102,975 3. 27,299,262 **Total Deductions** 23,668,326 \$ 4,374,683 \$ 5,045,799 **NET OPERATING REVENUE** D. Operating Expenses 1,450,304 Salaries and Wages and Benefits 1,247,760 \$ 1. 0 0 2. Physicians Salaries and Wages 909,301 769,409 \$ 3. Supplies 172,998 \$ 260,324 Taxes (Income Taxes) \$ 4. 455,606 \$ 468,106 5. Depreciation 507,052 \$ 522,264 6. Rent 0 \$ 0 7. Interest, other than Capital 8. Management Fees 252,290 218,734 \$ a. Fees to Affiliates 0 0 b. Fees to Non-Affiliates 641,435 586,798 \$ Other Expenses (Specify) See notes page Dues, Utilities, Insurance, and Prop Taxes, Repairs/Maintence, Contract Srvcs, Other 3,958,357 \$ 4,504,023 **Total Operating Expenses** \$ \$ 0 Other Revenue (Expenses) -- Net (Specify) 0 E. 416,326 \$ 541,776 **NET OPERATING INCOME (LOSS)** Capital Expenditures F. Retirement of Principal \$ 154,060 \$ 165,197 145,740 134,603 2. Interest 299,800 \$ 299,800 **Total Capital Expenditures NET OPERATING INCOME (LOSS)** 116,527 \$ 241,976 LESS CAPITAL EXPENDITURES

NOTES TO PROJECTED DATA CHART

Line D8, Other Expenses:

Category of Expense	CY2017	CY2018
Professional Fees	\$12,000	\$12,000
Contract Services	\$89,279	\$102,975
Repairs/Maintenance	\$98,207	\$113,273
Property Taxes	\$103,653	\$110,309
Insurance	\$14,264	\$16,695
Utilities	\$172,579	\$177,756
Equipment Leases	\$12,000	\$12,600
Other	\$84,815	\$95,827
TOTAL	\$586,798	\$641,435

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

	CY2017	CY2018
Cases	3,170	3,602
Average Gross Charge Per Case	\$8,847	\$8,980
Average Deduction Per Case	\$7,467	\$7,579
Average Net Charge (Net Operating Revenue) Per Case	\$1,380	\$1,401
Average Net Operating Income Per Case After Expenses	\$131	\$150

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

There are no current charges at this facility, which has suspended operation for several years pending a decision on relocation to a new site. Projected charges per case are shown in Table Eleven immediately above.

The most significant impact of the project is that the cost of services to payors (reimbursement to the ASTC) will decline significantly for Medicare cases and for many other insurors who follow Medicare's pricing policies. ASTC reimbursement for surgeries of many types can be 40% lower than hospital reimbursement for the same types of cases.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charge for this project is comparable to the average gross charges for multispecialty ASTC's operating in the primary service area. Table Eleven-A below shows several such facilities' average gross charges per case, as reported in their most recent 2013 Joint Annual Reports. However, this data is not highly useful, because it is not adjusted for case mix and the comparison is between 2013 charges and this project's charges in CY2017.

Table Eleven-ASouthern Hills Surgery Center Comparison of CY2017 Charge Per Case to CY2013 Charge per Case At Other Area ASTC Facilities						
ASTC Facility	2013 Gross Charges	2013 Cases	2013 Average Gross Charge Per Case			
Nashville Surgery Center	\$44,106,887	4,292	\$10,277			
Saint Thomas Campus Surgicare	\$53,406,803	7,137	\$7,483			
Summit Surgery Center	\$69,034,425	5,474	\$12,611			
Baptist Plaza Surgicare	\$70,267,656	8,094	\$8,681			
Surgicenter of Murf'sboro Med C.	\$11,228,679	8,521	\$1,318			
Physicians Pavilion Surgery Center	\$23,489,720	3,032	\$7,477			
This Project: Southern Hills Surgery Center (in CY2017)	\$28,043,009	3,170	\$8,847			

The following page contains Table Eleven-B, showing the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

Table Eleven-B: Southern Hills Surgery Center Charge Data for Most Frequently Performed Procedures

SPECIALTY: GI

PECIALI			Avera	ge Gross Ch	arge
СРТ	CPT Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
45385	LESION REMOVAL COLONOSCOPY	\$407.05	\$9,597	\$9,789	\$9,985
43239	EGD BIOPSY SINGLE/MULTIPLE	\$370.38	\$7,220	\$7,364	\$7,512
	COLONOSCOPY AND BIOPSY	\$407.05	\$7,173	\$7,316	\$7,463
45378	DIAGNOSTIC COLONOSCOPY	\$407.05	\$4,133	\$4,216	\$4,300
	EGD DIAGNOSTIC BRUSH WASH	\$370.38	\$5,259	\$5,364	\$5,471

			Average Gross Charge		
СРТ	Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
28285	REPAIR OF HAMMERTOE	\$930.14	\$17,775	\$18,131	\$17,775
28080	REMOVAL OF FOOT LESION	\$930.14	\$7,343	\$7,490	\$7,343
28296	CORRECTION OF BUNION	\$1,444.10	\$10,964	\$11,183	\$10,964
28825	PARTIAL AMPUTATION OF TOE	\$930.14	\$5,194	\$5,298	\$5,194
28290	CORRECTION OF BUNION	\$1,444.10	\$10,910	\$11,128	\$10,910

SPECIALTY: ENT

			Avera	ge Gross Ch	arge
СРТ	Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
42820	REMOVE TONSILS AND ADENOIDS	\$1,027.11	\$6,403	\$6,531	\$6,662
69436	CREATE EARDRUM OPENING	\$672.75	\$10,968	\$11,187	\$11,411
30520	REPAIR OF NASAL SEPTUM	\$1,027.11	\$13,714	\$13,988	\$14,268
42826	REMOVAL OF TONSILS	\$1,027.11	\$4,797	\$4,893	\$4,991
42821	REMOVE TONSILS AND ADENOIDS	\$1,027.11	\$6,050	\$6,171	\$6,294

SPECIALTY: GENERAL

			Avera	ge Gross Ch	arge
СРТ	Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
11042	DEB SUBQ TISSUE 20 SQ CM/<	\$151.81	10,145	10,348	10,555
47562	LAPAROSCOPIC CHOLECYSTECTOMY	\$2,015.50	14,051	14,332	14,619
11043	DEB MUSC/FASCIA 20 SQ CM/<	\$151.81	5,231	5,336	5,442
47563	LAPARO CHOLECYSTECTOMY/GRAPH	\$2,015.50	14,508	14,798	15,094
49505	PRP I/HERN INIT REDUC >5 YR	\$1,436.09	7,681	7,835	7,991

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The utilization of the facility will generate a positive cash flow in both Years One and Two, and is projected to operate with a modest positive margin as defined by the Projected Data Chart.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The utilization of the facility will generate a positive cash flow in both Years One and Two.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

In Year One (CY2017) Approximately 17% of gross revenues will be billed to Medicare; approximately 12% will be billed to TennCare/Medicaid. Indigent care is projected at 0.5% of gross revenues.

Table Twelve: Southern Hills Surgery Center Projected Medicare and TennCare/Medicaid Revenues, Year One					
Gross Revenue	\$4,851,441	\$3,393,204			
Percent of Gross Revenue	17.3%	12.1%			

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY—10.

The income statement and balance sheet for the funding entity, HCA Holdings, Inc., are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

- A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
- B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

As stated in previous sections, the applicant needs larger space conforming to the most current licensing codes and operational design standards; and the applicant needs to reduce its lease payments to unrelated third parties. The lessee cannot obtain 40% larger space in its present building, and it is highly unlikely that lease payments will be lowered in the future. So the alternative of staying in place is not a feasible option; relocation is necessary. The applicant is choosing to enter new building space to be developed by a sister HCA company, so that future lease payments will be recaptured by an HCA subsidiary. The site chosen is the best option because it is readily available from an affiliated company, provides equal or better access to the service area, and is favored by the medical staff.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Southern Hills Surgery Center is, and will remain, affiliated with HCA Health Services of Tennessee, the HCA Division office responsible for operations of HCA's Tennessee hospitals and surgery centers. It will remain specifically affiliated with TriStar Southern Hills Medical Center, with whom it will share surgical staff.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The project will place a new ambulatory care resource in a large and rapidly growing community (Brentwood) in the greater Nashville area, a sector currently without a multispecialty ambulatory surgery center option. Moving several thousand annual cases from a hospital setting to an ASTC setting will lower the reimbursement costs paid by insurors, because ASTC reimbursement is much lower than hospital reimbursement for most Medicare procedures, and for many commercial insurors as well. As a surgery center, this facility will also be able to serve Blue Cross "S" Plan patients, a patient group that Blue Cross will not contract with HCA hospitals to serve. That improved accessibility will enlarge the pool of patients that Southern Hills' surgeons can serve in their preferred location. However, most of the ASTC's utilization is projected to come directly out of TriStar Southern Hills Medical Center's own surgical suites; so other facilities should not be significantly adversely impacted.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for Table Fourteen, projecting staffing and salary ranges for the relocated facility.

The Department of Labor and Workforce Development website indicates the following annual salary survey information about compensation for clinical employees of facilities in the greater Nashville area.

Table Thir	teen: TDOL Sur	ourly Salaries for	r the Region	
Position	Entry Level	Mean	Median	Experienced
RN	\$44,331	\$59,109	\$58,992	\$65,441
Surgical Tech	\$34,464	\$43,085	\$41,084	\$49,542

Table For	urteen: Souther	e Fourteen: Southern Hills Surgery Center	Center
	Projected Staffing	Staffing	
Position Type (RN. etc.)	Year One FTE's	Year Two FTE's	Salary Range (Annual)
Administrator	1.0	1.0	\$100,000-\$120,000
Business Office Manager	1.0	1.0	\$50,000-\$70,000
OR Manager	6.0	1.0	\$60,000-\$80,000
PACU Manager	0.0	0.0	\$60,000-\$80,000
Receptionist	0.0	1.0	\$28,000-\$34,000
Other Clerical	1.7	2.0	\$32,000-\$42,000
RNOR	3.5	4.0	\$58,000-\$72,000
Tech OR	3.5	4.0	\$42,000-\$52,000
RN PACU/Pre-Op	3.0	4.0	\$58,000-\$72,000
Other Clinical	2.5	3.0	\$29,000-\$35,000
Materials Manager	1.0	1.0	\$38,000-\$44,000
Total FTE's	19.0	22.0	

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The applicant, its affiliated HCA companies, and TriStar Southern Hills Medical Center are familiar with ASTC staffing requirements of the TDH Licensure program. There are few clinical staff needed to implement the project--approximately sixteen nursing and surgical tech FTE's. It is anticipated that most will be transferred to the relocated ASTC from the hospital's own staff, since most of the projected cases will come from the hospital.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Southern Hills Surgery Center is not currently involved in the training of students in the healthcare professions.

PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY **APPLICABLE** MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE LICENSURE, RECEIVED OR WILL RECEIVE APPLICANT HAS CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Board for Licensure of Healthcare Facilities

Tennessee Department of Health

CERTIFICATION:

Medicare Certification from CMS

TennCare Certification from TDH

ACCREDITATION: AAAHC

IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE C(III).7(c). LICENSING, CERTIFYING, OR **STANDING** WITH ANY CURRENT ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed by the Board for Licensing Health Care Facilities, and is certified for participation in Medicare and Medicaid/TennCare. It was fully accredited by AAAHC (Accreditation Association for Ambulatory Health Care).

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

February 25, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural & engineering contract signed	6	3-1-15
2. Construction documents approved by TDH	96	6-1-15
3. Construction contract signed	110	6-15-15
4. Building permit secured	140	7-1-15
5. Site preparation completed	171	8-1-15
6. Building construction commenced	185	8-15-15
7. Construction 40% complete	307	12-15-15
8. Construction 80% complete	427	4-15-16
9. Construction 100% complete	549	8-15-16
10. * Issuance of license	564	9-1-16
11. *Initiation of service	594	10-1-16
12. Final architectural certification of payment	625	12-1-16
13. Final Project Report Form (HF0055)	685	2-1-17

^{*} For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

A.4 Ownership--Legal Entity and Organization Chart (if applicable)

A.6 Site Control

B.II.A. Square Footage and Costs Per Square Footage Chart

B.III. Plot Plan

B.IV. Floor Plan

C, Need--3 Service Area Maps

C, Economic Feasibility--1 Documentation of Construction Cost Estimate

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information

Support Letters

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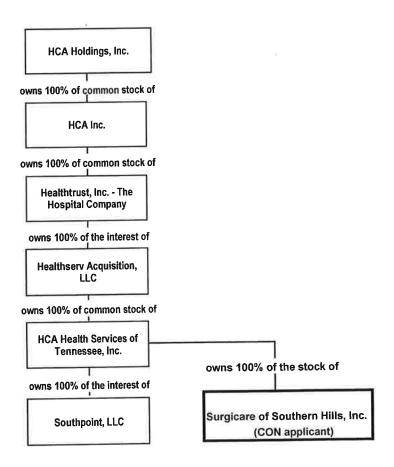
C, Economic Feasibility--10 Financial Statements

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information

Support Letters

A.4--Ownership Legal Entity and Organization Chart



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Search Name: Surgicare of Southern Hills, Inc. Control #: Active Entities Only:	1-1 of 1
Active Entities Only:	
	Search
Controlled Endovaring Increases the Control of the Name of State Control of the C	ENINY Status
000460192 CORP SURGICARE OF SOUTHERN HILLS, INC. Entity Active 12/29/2003	Active
	1-1 of 1

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Department of State

Corporate Filings 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243

SS-4417 (Rev. 2/02)



(For-Profit Corporation)

-1-13-3-1 13:3-3-4.

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RDA 1678

23 DEC 29 A:11: 17

The undersigned acting as Incorporator(s) of a for-profit corporation under the provisions of the Tennessee Business Corporation Act adopts the following Articles of Incorporation. 1. The name of the corporation is: Surgicare of Southern Hills, Inc. [NOTE: Pursuant to Tennessee Code Annotated § 48-14-101(a)(1), each corporation name must contain the words corporation, incorporated, or company or the abbreviation corp., inc., or co.] 2. The number of shares of stock the corporation is authorized to issue is: 1,000 3. The name and complete address of the corporation's initial registered agent and office located in the State of Tennessee is: C T Corporation System (Name) 530 Gay Street Knoxville, Tennessee 37902 (Street Address) (City) (State/Zip Code) Knox (County) List the name and complete address of each incorporator: David L. Denson One Park Plaza, Nashville, TN 37203 (Name) (Include: Street Address, City, State and Zip Code) (Name) (Street Address, City, State and Zip Code) (Name) (Street Address, City, State and Zip Code) The complete address of the corporation's principal office is: One Park Plaza, Nashville, TN 37203 (Street Address) (City) (State/Country/Zip Code) The corporation is for profit. 7. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time are: Date_N/A Time (Not to exceed 90 days.) Other provisions: N/A December 23, 2003 Signature Date lecorporator's Signature David L. Denson Incorporator's Name (typed or printed)

Filing Fee: \$100

is the exerner of PREBIDENT DIR Witness Witness Witnessel, the said Corporation has caused this Contificate to be signed by its duly authorized of Par Value each. only on the books of the Corporation by the holder hereof in person or h and non-assessable Iranes of the Eapital Stock of the above named Corporation ban Viceauthorized Attorney apon surrender of this Certificate property ordorsed. Dora A. Blackwood One Thousand (1,000) SURGICARE OF SOUTHERN HILLS, INC. \$0.01 HCA HEALTH SERVICES OF TENNESSEE, INC. INCORPORATED UNDER THE LAWS OF and the Coyestela Seal of the hereunlo affixed this 29TH Thaves of TENNESSEE SECRETARY Authorized Eapited 1,000 Common bavid, L. Denson COLPTE COLUMNICAL HOLD



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	Search Name:	southpoint, LLC		⊚ Starts V	With OContains	
	Control #:					
Active	Entities Only:					Search
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
000726206	LLC	Southpoint, LLC TENNESSEE	Entity	Active	07/22/2013	Active
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STATE OF TENNESSEE Tre Hargett, Secretary of State

Division of Business Services William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

Southpoint, LLC FL₃ 200 4TH AVE N NASHVILLE, TN 37219-2114 July 22, 2013

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control #:

726206

Limited Liability Company - Domestic

Date Formed:

TENNESSEE

Fiscal Year Close:

Formation Locale:

07/22/2013

7224-2470

07/22/2013 2:30 PM

12

Annual Report Due: 04/01/2014

Status: **Duration Term:**

Filing Type:

Filing Date:

Active

Managed By:

Perpetual

Manager Managed

Business County:

DAVIDSON COUNTY

Document Receipt

Receipt #: 1101891

Filing Fee:

\$300.00

Payment-Check/MO - ORTALE, KELLEY, HERBERT & CRAWFORD, Nashville, TN

\$300.00

Registered Agent Address:

DOUGLAS A BRACE

FL₃

200 4TH AVE N

NASHVILLE, TN 37219-2114

Principal Address:

Image #:

FL₃

200 4TH AVE N

NASHVILLE, TN 37219-2114

Congratulations on the successful filing of your Articles of Organization for Southpoint, LLC in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Secretary of State

Processed By: Cheryl Donnell

ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY (ss-4270)

Page 1 of 2



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Tre Hargett, Secretary of State
State of Tennessee

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Filing Fee: \$50.00 per member (minimum fee = \$300, maximum fee = \$3,000)

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Limited Liability Company Act.
1. The name of the Limited Liability Company is: Southpoint, LLC
(NOTE: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")
2. Name Consent: (Written Consent for Use of Indistinguishable Name) This entity name already exists in Tennessee and has received name consent from the existing entity.
3. This company has the additional designation of: None
4. The name and complete address of ithe Limited Liability Company's initial registered agent and office located in the state of Tennessee is: Name: Douglas A. Brace
Address: 200 Fourth Avenue North, Third Floor, Noel Place
City: Nashville State: TN Zip Code: 37219 County: Davidson
5. Fiscal Year Close Month: <u>December</u>
6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days) Effective Date:
7. The Limited Liability Company will be: Member Managed Manager Managed Director Managed
8. Number of Members at the date of filing: One (1)
9. Period of Duration: 🔀 Perpetual Cher/
10. The complete address of the Limited Liability Company's principal executive office is: Address: 200 Fourth Avenue North, Third Floor, Noel Place City: Nashville State: TN Zip Code: 37219 County: Davidson

Page 2 of 2

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State of Tennessee
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Filing Fee: \$50.00 per member (minimum fee = \$300, maximum fee = \$3,000)

The name of the Limited Liability Company is:Southpoint,	LLC
11. The complete mailing address of the entity (If different from the pa	
Address: State:	Zip Code:
12. Non-Profit LLC (required only if the Additional Designation of "No certify that this entity is a Non-Profit LLC whose sole meml under or subject to the provisions of the Tennessee Nonprofit tax as not-for-profit as defined in T.C.A. §67-4-2004. The busi	n-Profit LLC" is entered in section 3.) per is a nonprofit corporation, foreign or domestic, incorporated it Corporation Act and who is exempt from franchise and excise ness is disregarded as an entity for federal income tax purposes.
13. Professional LLC (required only if the Additional Designation of "I I certify that this PLLC has one or more qualified persons as Licensed Profession:	members and no disqualified persons as members or holders.
14. Series LLC (required only if the Additional Designation of "Series [] I certify that this entity meets the requirements of T.C.A. §48-	
15. Obligated Member Entity (list of obligated members and signatur This entity will be registered as an Obligated Member Entity (
☐ I understand that by statute: THE EXECUTION AND FILING PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AT THE SAME EXTENT AS A GENERAL PARTNER OF A GENI	ND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO
16. This entity is prohibited from doing business in Tennessee:	NO. NO. OF THE RESEARCH CONTRACTOR OF THE PROPERTY OF
This entity, while being formed under Tennessee law, is prohil	oited from engaging in business in Tennessee.
17. Other Provisions: None	
July 22, 2013 Signature Date	Signature
Organizer Signer's Capacity (if other than individual capacity)	Douglas A. Brace Name (printed or typed)

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Centennial Medical Center	2300 Patterson Str		Nastiville	2		21200
Parthenon Pavilion 2401 Parm	2401 Parman Place		Nashville	TN		37203
Sarah Cannon Cancer Center 250 25th Avenue North	250 25th Avenue North	Suite 110	Nashville	TN		37203
Sarah Cannon Research Institute 3322 West	3322 West End Avenue	Suite 900	Nashville	TN	90	37203
Women's Hospital 2221 Murp	2221 Murphy Avenue		Nashville	TN		37203
Centennial Surgery Center	345 23rd Ave N	Suite 201	Nashville	N.	37203-1524	が変え
Greenview Regional Hospital	1801 Ashley Circle		Bowling Green	Κ	42104-9024	
Hendersonville Medical Center	355 New Shackle Island Road		Hendersonville	N_		37075
Horizon Medical Center	111 Highway 70 East		Dickson	N.		37055
Natchez Imaging 101 Natch	101 Natchez Park Drive		Dickson	NF		37055
Radiation Oncology @ SCCC 105 Natch	105 Natchez Park Drive		Dickson	N.		37055
TN Oncology @ SCCC 103 Natch	103 Natchez Park Drive.		Dickson	Z		37055
Parkridge East Hospital	941 Spring Creek Road		Chattanooga	NL		37412
Parkridge Medical Center	2333 McCallie Avenue		Chattanooga	N.		37404
Parkridge Valley Hospital	2200 Morris Hill Road		Chattanooga	NT.	京は はまる	37421
Portland Medical Center	105 Redbud Drive		Portland	N		37148
Skyline Medical Center	3441 Dickerson Pike		Nashville	N.	· · · · · · · · · · · · · · · · · · ·	37207
Skyline Madison Campus	500 Hospital Drive		Madison	N.		37115
Southern Hills Medical Center	391 Wallace Road		Nashville	N.	THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO PERSON NAME	37211
Southern Hills Surgical Center	360 Wallace Road		Nashville	N		37212
StoneCrest Medical Center	200 StoneCrest Boulevard		Smyrna	TN		37167
Summit Medical Center	5655 Frist Boulevard		Hermitage	NT		37076
Summit Surgery Center	3901 Central Pike	Suite 152	Hermitage	N.		37076

A.6--Site Control

OPTION TO LEASE AGREEMENT

THIS OPTION TO LEASE AGREEMENT (this "Agreement") made on the date on which this Agreement is executed by the last party to sign this Agreement as evidenced by the date below such party's signature (the "Agreement Date") by and between SOUTHPOINT, LLC, a Tennessee limited liability company ("Landlord"), and SURGICARE OF SOUTHERN HILLS, INC., a Tennessee corporation, and its successors and assigns ("Tenant").

WITNESSETH:

- A. Landlord is the fee owner of that certain parcel of land consisting of approximately 53 acres of land legally described on Exhibit A attached hereto and made a part hereof ("Land"), a portion of such Land being improved with two connected office buildings containing approximately 300,000 square feet cumulatively, with ancillary parking and other site improvements, machinery, equipment, fixtures and other property, real, personal or mixed (except Tenant's trade fixtures, equipment and personal property) installed or located on the Land, together with all additions, alterations and replacements thereof (collectively, the "Existing Improvements"), all located on Old Hickory Boulevard at American General Way, Brentwood, Davidson County, Tennessee 37067 (the Land and the Existing Improvements being collectively referred to herein as the "Campus").
- B. Landlord desires to grant to and reserve unto Tenant an exclusive right in favor Tenant whereby Tenant may require Landlord to develop that portion of the Land more particularly described on Exhibit B attached hereto (the "Future Development Parcel") for a new free-standing building containing approximately 18,100 gross square feet to be used as an ambulatory surgery center or other health care facility (the "Future Facility") pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, Landlord and Tenant agree as follows:

ARTICLE I. OPTION RIGHTS

- Money") that shall be paid to Landlord within ten (10) business days after the Agreement Date by Tenant, the adequacy and sufficiency whereof is hereby acknowledged, Landlord hereby gives and grants unto Tenant, upon the terms and conditions hereinafter set forth, the exclusive and irrevocable right and option to cause Landlord to build the Future Facility on the Future Development Parcel and to enter into a lease agreement in such form and on such terms as Tenant and Landlord agree upon as set forth in Sections 1.3 and 1.4 of this Agreement (the "Lease") with Tenant or its designated affiliate for such Future Facility (the "Option").
- 1.2 Option Period. The Option may be exercised at any time from the Agreement Date up to 11:59 p.m. Eastern Time, on the third (3rd) anniversary of the Agreement Date (the "Option Period").

- during the Option Period, Tenant and its representatives shall have the right to enter upon the Future Development Parcel for the purposes of conducting soil tests, environmental and engineering studies and investigations, surveys, planning and other testing and exploration work necessary or appropriate to determine if the Future Development Parcel is suitable for Tenant's intended use. Tenant shall indemnify and hold Landlord harmless from and against any loss, claim or liability arising or resulting from any physical damage to the Future Development Parcel resulting from the inspections made by Tenant. In the event Tenant does not exercise the Option, Tenant shall restore the Future Development Parcel, as nearly as possible, to its condition prior to Tenant's tests and inspections if changed due to such tests and inspections.
- (b) Promptly following the Agreement Date, Tenant and Landlord shall begin to negotiate in good faith and with reasonable diligence to agree upon the form and terms of the Lease, which shall include without limitation, reasonable contingencies benefitting Tenant and Landlord in connection with the design, financing and leasing of the Future Facility. The term of the Lease and the rental rate to be paid by Tenant under the Lease will be memorialized in the final executed Lease; provided, however, the parties estimate that the Lease term will be for a period of ten (10) years and the annual base rent rate payable during the first Lease year will \$507,052.00 with annual increases of three percent (3%) on the first day of each subsequent Lease year. Promptly following the Agreement Date, Landlord shall also commence preliminary or schematic design work for the Future Facility promptly and the parties to this Agreement shall work together in good faith and with reasonable diligence to agree upon and complete such preliminary or schematic design work.
- 1.4 Exercising the Option. Tenant shall have the right at any time during the Option Period, within its sole discretion, to exercise the Option by giving written notice ("Tenant's Option Notice"). In the event Tenant exercises the Option, Landlord and Tenant shall work together in good faith and with reasonable diligence to complete agreement upon the final terms and form of the Lease, which shall include without limitation the contingencies described above in Section 1.3(b) regarding the design, financing and leasing of the Future Facility, and to execute the Lease no later than 180 days after Tenant's Option Notice is delivered to Landlord.
- 1.5 <u>Landlord's Representations and Warranties</u>. For the purpose of inducing Tenant to enter into this Agreement and to consummate the transactions contemplated hereby, Landlord represents and warrants to Tenant follows:
- (a) There are no condemnation proceedings or proceedings for change of grade of any street affecting the Future Development Parcel or improvement of any street or sidewalk abutting the Future Development Parcel which are currently threatened or pending.
- (b) As of the Agreement Date and as of the effective date of the Lease, there will be no other leases affecting all or any part of the Future Development Parcel and no written promises, understandings, agreements or commitments between Landlord, any person

concerning the sale, conveyance, lease, use or occupancy of any interest in the Future Development Parcel or any part thereof.

- (c) There are no pending, nor to the knowledge of Landlord, any threatened actions, suits or proceedings against or affecting the Future Development Parcel or any portion thereof, or relating to or arising out of the ownership, operation, management, use or maintenance of the Future Development Parcel.
- (d) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws contemplated or pending or threatened against Landlord or the Future Development Parcel.
- 1.6 Representations and Warranties of Tenant. Tenant represents and warrants to Landlord that Tenant has due and proper authority to execute and deliver this Agreement and all documents to be executed and delivered in regard to the consummation of the transactions contemplated hereby.
- 1.7 <u>Business Day</u>. In the event that the date for taking any action under this Agreement (including, but not limited to, the giving of a notice of termination, extension or exercise of the Option) falls on a Saturday, Sunday or legal holiday, then such time period shall automatically be extended until 5:00 p.m. Eastern Time on the next regularly scheduled business day in Nashville, Tennessee.

ARTICLE II. MISCELLANEOUS

- 2.1 <u>Binding Effect</u>. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.
- 2.2 <u>Entire Agreement</u>. This Agreement embodies the entire agreement between the parties relative to the subject matter) hereof, and there are no oral or parol agreements existing between Landlord and Tenant relative to the subject matter hereof which are not expressly set forth herein and covered hereby.
- 2.3 <u>Headings</u>. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.
- 2.4 <u>Interpretation</u>. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa.
- 2.5 Notice. Any notice or other writing required or permitted to be given to a party under this Agreement shall be given in writing and shall be (i) delivered by hand or (ii) delivered through the United States mail, postage prepaid, certified, return receipt requested, or (iii) delivered through or by UPS, Federal Express, or other nationally-recognized overnight mail or package service, addressed to the parties at the addresses set forth below. Any notice or demand that may be given hereunder shall be deemed complete; (a) upon depositing any such notice or demand in the United States mail with proper postage affixed thereof, certified, return receipt

requested; (b) upon depositing any such notice or demand with UPS, Federal Express, or other nationally recognized overnight mail or package delivery, or (c) upon hand delivery to the appropriate address as herein provided. Any party hereto may change said address by notice in writing to the other parties in the manner herein provided. The appropriate address for notice hereunder shall be the following:

Landlord:

Southpoint, LLC

One Park Plaza

Nashville, TN 37203

Attn: Real Estate Department

Tenant:

Surgicare of Southern Hills, Inc.

One Park Plaza

Nashville, TN 37203

Attn: Real Estate Department

- 2.6 Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of Tennessee.
- 2.7 <u>Severability</u>. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- 2.8 Attorneys' Fees. Should either party employ an attorney or attorneys to enforce any of the provisions hereof or to protect its interest in any manner arising under this Agreement, the non-prevailing party in any action pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including attorneys' fees, witness fees and travel and lodging expenses, expended or incurred in connection therewith.
- 2.9 <u>Counterparts</u>. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall comprise one and the same instrument.
- 2.10 Memorandum of Agreement. Landlord and Tenant agree to execute a memorandum of this Agreement suitable for recording in the official records of Davidson County, Tennessee in form reasonably acceptable to both parties. The parties further agree that the amount of Option Money shall not be stated in any such memorandum.

[Signatures appear on following page]

EXECUTED AND DELIVERED as of the Agreement Date.

LANDLORD:
SOUTHPOINT, LLC, a Tennessee limited liability company By: Molas 2 Park
Name: Nicholas L. Paul
Title: Vice President
Date Signed: 11/4/14
TENANT:
SURGICARE OF SOUTHERN HILLS, INC., a Tennessee corporation By:
Name: Nicholas L. Paul
Title: Vice Resident
Date Signed: 11/4/14

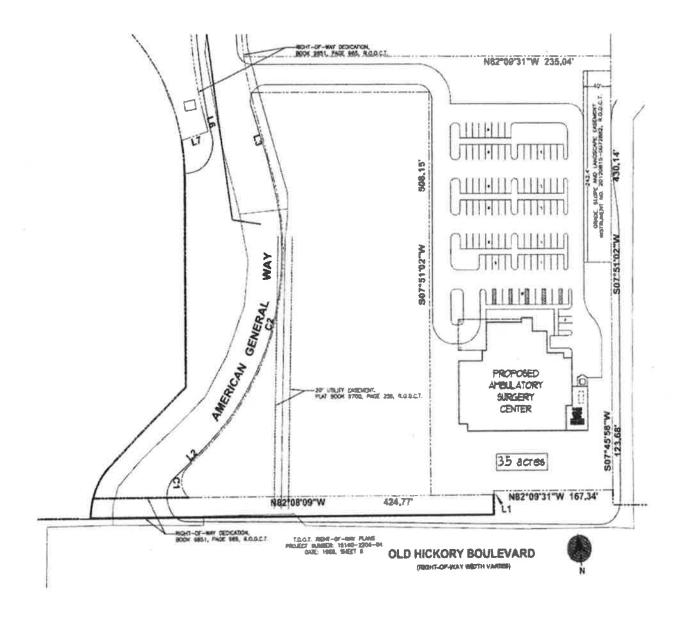
EXHIBIT A

The Land

Land in Davidson County, Tennessee, being Lot No. 3, on the Plan of Revised Brentwood Commons, as shown on plat of record in Plat Book 6900, page 328, in the Register's Office for Davidson County, Tennessee ("Register's Office").

EXHIBIT B Diagram of the Future Development Parcel

NOV 14/14 N. 2245



6,

This Instrument Prepared By:

Ned W. Graber, Esq. 2929 Allen Parkway, A37 Houston, Texas 77019 Refuch to:
First American Title Insurance Company
National Commercial Services
4363 Popter Avenue, Suite 434
Monophia, TM 38119

Address New Owner as Follows:	Send Tax Bills To	
One Park Plaza, Building II-5 th Floor Nashville, Tennessee 37203	Same	
Map & Parcel No.: # 160-00-0-211.00		

SPECIAL WARRANTY DEED

THIS INDENTURE is made as of the 2 day of August, 2014, by AMERICAN GENERAL LIFE INSURANCE COMPANY, a Texas insurance company as successor by merger to American General Life and Accident Insurance Company, a Tennessee insurance company ("Grantor") in favor of SOUTHPOINT, LLC, a Tennessee limited liability company ("Grantee"), whose address is One Park Plaza, Building II-5th Floor, Nashville, Tennessee 37203.

That for and in consideration of the sum of Ten and No/100 (\$10.00) Dollars, and other good and valuable consideration to said Grantor in hand paid by said Grantee, the receipt and sufficiency whereof is hereby acknowledged, Grantor has bargained and sold and does hereby BARGAIN, SELL, CONVEY and CONFIRM unto Grantee, and Grantee's successors and assigns, forever, all that certain real property described in Exhibit "A" attached hereto and made a part hereof (the "Land"), together with all improvements on the Land (the "Improvements") and all rights and appurtenances of Seller pertaining to the Land, if any, including without limitation, any right, title and interest of Seller (but without warranty whether statutory, express, or implied) in and to adjacent streets, alleys or rights-of-way, and all oil, gas and minerals as well as all water rights associated with the real property and all and singular the rights, privileges, easements, tenements, hereditaments and appurtenances thereto in anywise belonging (the "Appurtenant Rights", together with the Land and the Improvements referred to herein collectively as the "Property").

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns, forever, subject to the matters herein stated, the matters referred to in Exhibit "B", attached hereto and made a part hereof, and in the documents referred to therein and any and all matters on the ground that a true and correct survey would reveal (collectively, the "Permitted Exceptions"); and Grantor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee, its successors and

BILL GARRETT, Davidson County
Trans: T20140059265 DEEDWARRSP
Recvd: 08/13/14 08:53 6 pgs
Fees: 33.00 Taxes: 240500.00

20140813-0072917

assigns, against the lawful claims of all persons whomsoever, claiming or to claim the same or any part thereof by, through or under the Grantor but not otherwise.

Grantor:

AMERICAN GENERAL LIFE INSURANCE COMPANY, a Texas insurance company as successor by merger to AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY, a Tennessee insurance company

By: Name: Jim A. Coppedge

Title: Vice President and Assistant Secretary

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me, the undersigned, on this gradual of August, 2014, by W. Larry Mask, an authorized signatory of American General Life Insurance Company, a Texas insurance company, on behalf of said company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE.

Notary Public in and for the State of T E X A S

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me, the undersigned, on this <u>&u</u> day of August, 2014, by Jim A. Coppedge, a Vice President and Assistant Secretary of American General Life Insurance Company, a Texas insurance company, on behalf of said company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE.

Notary Public in and for the

State of TEXAS

CRIS THOMAS

Notary Public, State of Texas

My Commission Expires

November 09, 2017

CRIS THOMAS Notary Public, State of Texas

My Commission Expires November 09, 2017 The actual consideration or value, whichever is greater, for this transfer is \$\\$65,000,000.00\$.

Subscribed and sworn to before me, this the 12 day of August 2014.

Notary Public

My Comm. Expires: 7-/6-20/7



EXHIBIT "A" TO DEED

Land in Davidson County, Tennessee, being Lot No. 3, on the Plan of Revised Brentwood Commons, as shown on plat of record in Plat Book 6900, page 328, in the Register's Office for Davidson County, Tennessee ("Register's Office").

Being the same property conveyed to American General Life & Accident Insurance Company by Special Warranty Deed of record in Book 9421, page 794, Register's Office.

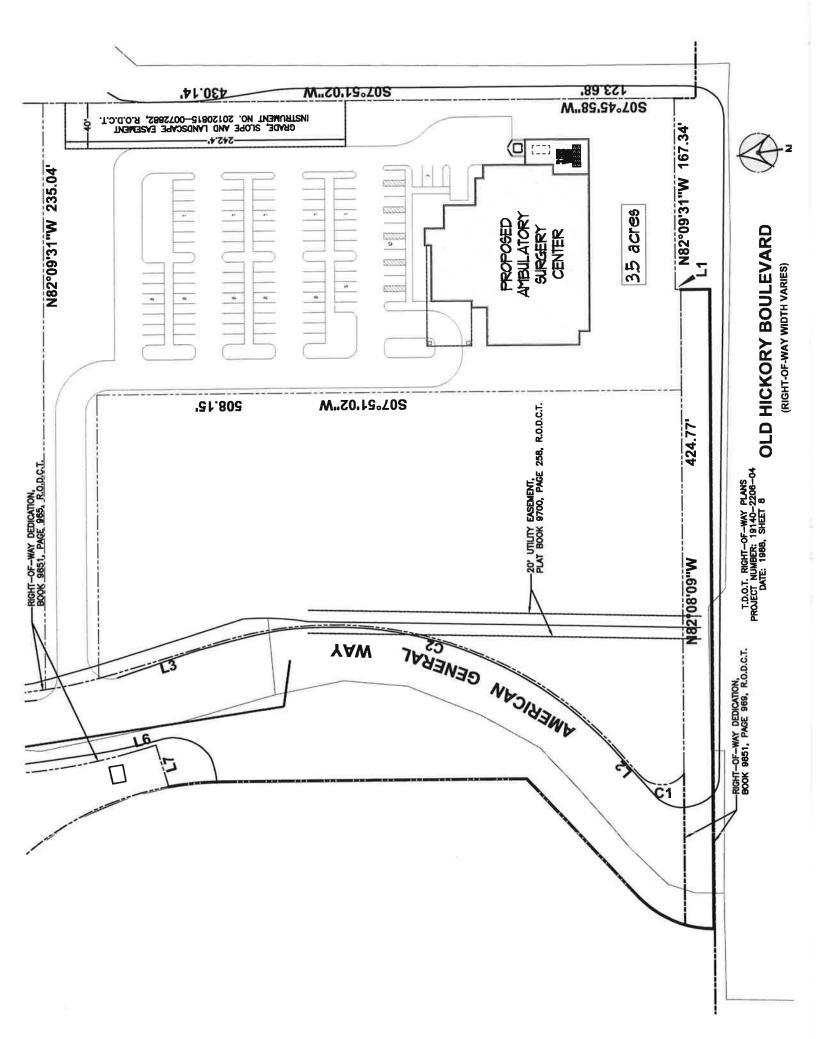
EXHIBIT "B" TO DEED

- 1. Taxes and assessments for the year 2014 and subsequent years, not yet due and payable.
- 2. All matters as shown on plat of record in Plat Book 9700, page 258, Register's Office.
- 3. All matters as shown on plat of record in Plat Book 9700, page 259, Register's Office.
- 4. Declaration of Protective Covenants and Owner's Association for Brentwood Commons Office Park of record in Book 7619, page 198, as amended by First Amendment to Declaration of Protective Covenants and Owner's Association for Brentwood Commons Office Park of record in Book 10201, page 454, Register's Office.
- 5. Storm Water Detention Agreement of record in Book 6145, page 257, Register's Office.
- 6. Right-of-Way for Street Purposes of record in Book 9851, page 965, Register's Office.
- 7. Right-of-Way for Street Purposes of record in Book 9851, page 969, Register's Office.
- 8. Temporary Construction and Permanent Grade, Slope and Landscape Easement and Agreement of record in Instrument No. 20120815-0072882, Register's Office.
- Agreement to Dedicate Roadway Extension and Grant of Easements of record in Instrument No. 20040527-0062750, Register's Office.
- Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 4952, page 166, Register's Office.
- 11. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 4952, page 170, Register's Office.
- 12. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 4940, page 784, Register's Office.
- 13. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 4969, page 189, Register's Office.
- 14. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 4969, page 192, Register's Office.
- Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 5746, page 886, Register's Office.
- 16. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 5746, page 896, Register's Office.

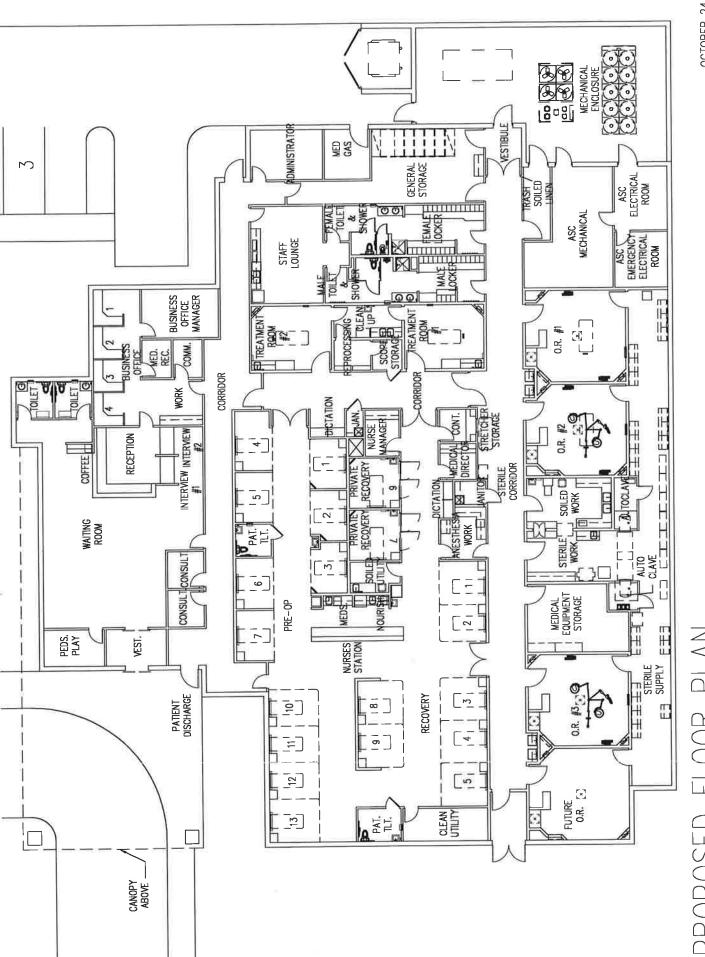
- 17. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 5746, page 899, Register's Office.
- 18. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 5878, page 469, Register's Office.
- 19. Agreement for Dedication of Easement for Sanitary Sewers and/or Drainage of record in Book 8258, page 941, Register's Office.
- 20. Easement as shown in the deed of record in Book 10868, page 877, Register's Office.

B.II.A.--Square Footage and Costs Per Square Footage Chart

B.III.--Plot Plan

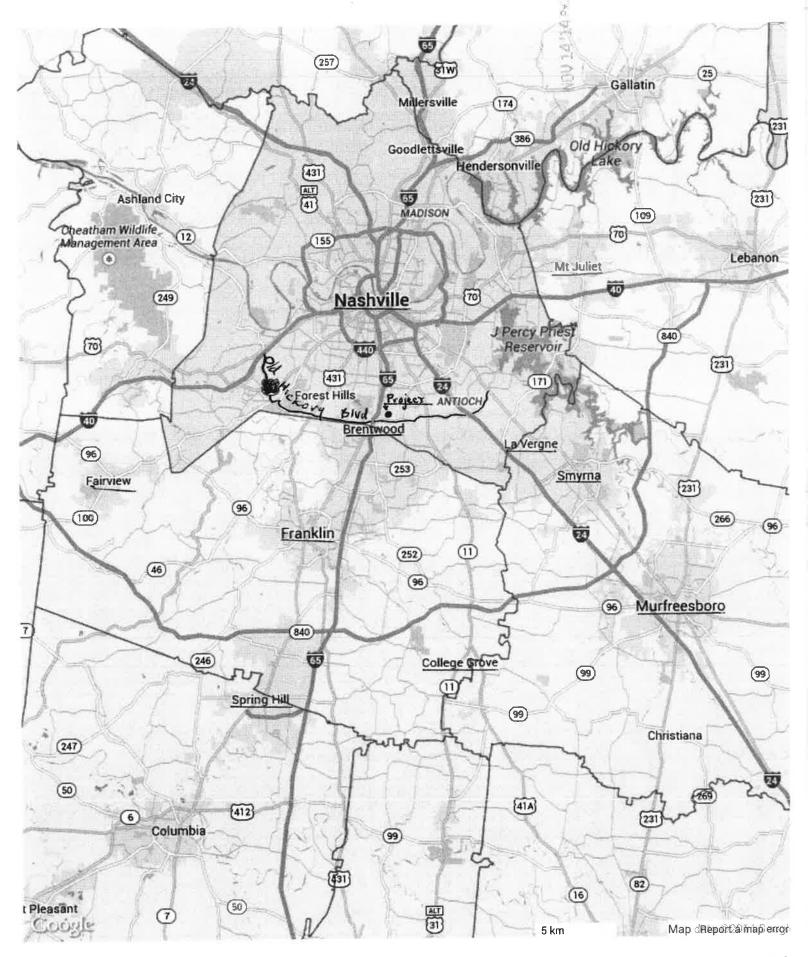


B.IV.--Floor Plan

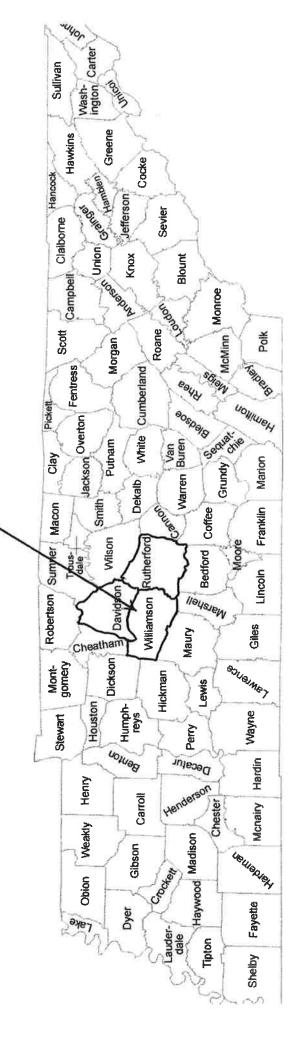


FLOOR PLAN PROPOSED

C, Need--3 Service Area Maps



SOUTHERN HILLS SURGERY CENTER PRIMARY SERVICE AREA



C, Economic Feasibility--1 Documentation of Construction Cost Estimate



October 24, 2014

RE: Southern Hills Surgery Center

To Whom It May Concern,

Hereford Dooley Architects, an architectural firm registered to practice in the state of Tennessee, has reviewed the cost data provided for the three (3) operating room, two (2) treatment room ambulatory surgery center. The stated construction cost is \$4,074,525.00. It is our opinion that the proposed construction cost appears to be reasonable for this project type and size and compares favorably with other completed projects similar to this type and size. The proposed site will require extensive site work.

This is a summary of the current building codes enforced for this project:

International Building Code (IBC)	2006
International Fuel and Gas Code (IFGC)	2006
International Plumbing Code (IPC)	2006
International Mechanical Code (IMC)	2006
National Electrical Code (NEC)	2005
NFPA 101 Life Safety Code	2006
North Carolina Handicap Accessibilities Act with 2004 Amendments	1999
Americans with Disabilities Act	2010
AIA Guidelines for Design and Construction of Healthcare Facilities	2010
(We will utilize the 2014 AIA Guidelines when adopted by the State of	Tennessee)

Respectfully,

Hereford Dooley Architects

Thomas A. Dooley AIA

tom.dooley@hdarchitects.com

Senior Principal

HD Architects 1720 West End Ave + Sle 300 Nashville + TN 37203 hdarchitects.com P. 615 *244 •7399

C, Economic Feasibility--2
Documentation of Availability of Funding

110 Winners Circle, First Floor Brentwood, TN 37027 (615) 886-4900

November 14, 2014

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson State Office Building, 9th Floor 500 Deaderick Street Nashville, Tennessee 37243

Southern Hills Surgery Center CON Application--Replacement RE:

Dear Mrs. Hill:

Southern Hills Surgery Center, an affiliate of TriStar Southern Hills Medical Center, is applying for a Certificate of Need to move to a new location within Davidson County.

There are two wholly-owned HCA subsidiaries that will develop the project. Southpoint, LLC will construct and lease a shelled building at a cost of approximately \$5,600,000, and Surgicenter of Southern Hills, Inc. will lease, finish out and equip the building at a cost of approximately \$9,283,000.

As President and Chief Financial Officer of TriStar Health System, the HCA Division Office to which this facility belongs, I am writing to confirm that HCA Holdings, Inc., the parent company for HCA and for the above named subsidiaries, will provide through TriStar the estimated \$14,883,000 in capital costs required to implement this project. HCA Holdings, Inc.'s financial statements are provided in the application.

Sincerely

Stephen E. Corbeil, FACHE

President

TriStar Health System, a Division of HCA TriStar Health System, a Division of HCA

C. Eric Lawson

Chief Financial Officer

C, Economic Feasibility--10 Financial Statements

8	8,036	91.0	7,879	93.4
Income before income taxes	800	9.0	555	6.6
Provision for income taxes	246	2.7	128	1.5
Net income	554	6.3	427	5.1
Net income attributable to noncontrolling interests	130	1.5	113	1.4
Net income attributable to HCA Holdings, Inc.	\$424	4.8	\$314	3.7
Diluted earnings per share	\$0.92		\$0.68	
Shares used in computing diluted earnings per share (000)	458,535		461,131	
Comprehensive income attributable to HCA Holdings, Inc.	\$541		\$297	

HCA Holdings, Inc.

Condensed Consolidated Comprehensive Income Statements
For the Years Ended December 31, 2013 and 2012
(Dollars in millions, except per share amounts)

~			
201	3	201	2
Amount	Ratio	Amount	Ratio
\$38.040		\$36,783	
		3,770	
,	100.0%		100.0%
54,104	1001070		
15.646	45.8	15,089	45.7
	17.5	5,717	17.3
,			18.3
		(336)	(1.0)
, ,			
		1,679	5.1
		1,798	5.4
		(15)	30
17	0.1		
-	-	175	
31.236	91.4	30,119	91.2
,			
2.946	8.6	2,894	8.8
_,-			
950	2.8	888	2.7
1,996	5.8	2,006	6.1
,			
440	1.2	401	1.2
\$1,556	4.6	\$1,605	4.9
¢2 2	7	\$3.40	1
33.3		Ψ0.43	,
464 041	2	459 403	3
401,91	,	400,400	
¢4.75	r	¢1 589	2
φ1,/ O	U	φ1,560	•
	Amount \$38,040 3,858 34,182 15,646 5,970 6,237 (216) (29) 1,753 1,848 10 17 31,236 2,946 950 1,996 440 \$1,556 \$3.33	2013 Amount Ratio \$38,040 3,858 34,182 100.0% 15,646 45.8 5,970 17.5 6,237 18.2 (216) (0.6) (29) (0.1) 1,753 5.1 1,848 5.4 10 17 0.1 31,236 91.4 2,946 8.6 950 2.8 1,996 5.8 440 1.2	2013 2013 Amount Ratio Amount \$38,040 \$36,783 3,858 3,770 34,182 100.0% 33,013 15,646 45.8 15,089 5,970 17.5 5,717 6,237 18.2 6,048 (216) (0.6) (336) (29) (0.1) (36) 1,753 5.1 1,679 1,848 5.4 1,798 10 - (15) 17 0.1 - 175 31,236 91.4 30,119 2,946 8.6 2,894 950 2.8 888 1,996 5.8 2,006 440 1.2 401 \$1,556 4.6 \$1,605 \$3.37 \$3.49 461,913 459,403

HCA Holdings, Inc.
Supplemental Non-GAAP Disclosures
Operating Results Summary
(Dollars in millions, except per share amounts)

For the Years

	Fourth C	Quarter	End Decemb	
	2013	2012	2013	2012
Revenues	\$8,836	\$8,434	\$34,182	\$33,013
Net income attributable to HCA Holdings, Inc. Losses (gains) on sales of facilities (net of tax)	\$424 (2)	\$314 (6)	\$1,556 7 11	\$1,605 (9)
Loss on retirement of debt (net of tax) Legal claim costs (net of tax) Net income attributable to HCA Holdings, Inc., excluding losses		110	-	110
(gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	422	418	1,574	1,706
Depreciation and amortization	461	425	1,753	1,679 1,798
Interest expense	456 245	462 188		947
Provision for income taxes Net income attributable to noncontrolling interests	130	113	440	401
Adjusted EBITDA (a)	\$1,714	\$1,606	\$6,574	\$6,531
Diluted earnings per share: Net income attributable to HCA Holdings, Inc. Losses (gains) on sales of facilities	\$0.92 -	\$0.68 (0.01)		\$3.49 (0.02)
Loss on retirement of debt Legal claim costs	-	0.24		0.24
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	\$0.92	\$0.91	\$3.41	\$3.71
Shares used in computing diluted earnings per share (000)	458,535	461,131	461,913	459,403

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA should not be considered as measures of financial performance under generally accepted accounting principles ("GAAP"). We believe net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are important measures that supplement discussions (a) and analysis of our results of operations. We believe it is useful to investors to provide disclosures of our results of operations on the same basis used by management. Management relies upon net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA as the primary measures to review and assess operating performance of its hospital facilities and their management teams.

Management and investors review both the overall performance (including:net income attributable to HCA Holdings)(including:lnc.)(including:excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and GAAP net income attributable to HCA Holdings, Inc.) and operating performance (Adjusted EBITDA) of our health care facilities. Adjusted EBITDA and the Adjusted EBITDA margin (Adjusted EBITDA divided by revenues) are utilized by management and investors to compare our current operating results with the corresponding periods during the previous year and to compare our operating results with other companies in the health care industry. It is reasonable to expect that losses (gains) on sales of facilities and losses on retirement of debt will occur in future periods, but the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our health care facilities and complicate period comparisons of our results of operations and operations comparisons with other health care companies.

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measures of financial performance under GAAP and should not be considered as alternatives to net income attributable to HCA Holdings, Inc. as a measure of operating performance or cash flows from operating, investing and financing activities as a measure of liquidity. Because net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measurements determined in accordance with GAAP and are susceptible to varying calculations, net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies.

HCA Holdings, Inc.
Condensed Consolidated Balance Sheets

	(Dollars in millions)	/	¥3
	December 2013	31, September 30, 2013	December 31, 2012
ASSETS Current assets: Cash and cash equivalents	•	114 \$484	\$705
Accounts receivable, net Inventories Deferred income taxes	1,7	208 4,924 179 1,135 189 400	4,672 1,086 385 915
Other Total current assets	8,0	747 828 037 7,771 073 30,472	7,763 29,527
Property and equipment, at cost Accumulated depreciation	31,i (17,4 13,i		(16,342) 13,185
Investments of insurance subsidiaries Investments in and advances to affiliates Goodwill and other intangible assets Deferred loan costs	5,	448 402 121 125 903 5,832 237 250 466 691	515 104 5,539 290 679
Other	\$28,	831 \$28,393	\$28,075
LIABILITIES AND STOCKHOLDERS' I	DEFICIT		
Accounts payable Accrued salaries Other accrued expenses Long-term debt due within one year Total current liabilities	1, 1, 2	803 \$1,582 ,193 1,085 ,913 1,764 ,786 988 ,695 5,419	1,120 1,849 1,435
Long-term debt Professional liability risks Income taxes and other liabilities		,590 27,389 949 959 ,525 1,670	973
EQUITY (DEFICIT) Stockholders' deficit attributable to HCA Noncontrolling interests Total deficit	1 (6,	270) (8,376 , 342 1,33; 928) (7,044 , 831 \$28,39;	1,319) (8,341)

HCA Holdings, Inc. Condensed Consolidated Statements of Cash Flows For the Years Ended December 31, 2013 and 2012 (Dollars in millions)

	2013	2012
Cash flows from operating activities: Net income Adjustments to reconcile net income to net cash provided by operating activities:	\$1,996	\$2,006
Changes in operating assets and liabilities Provision for doubtful accounts	(4,272) 3,858	3,770
Depreciation and amortization Income taxes	1,753 143 10	1,679 96 (15)
Losses (gains) on sales of facilities Loss on retirement of debt Legal claim costs	17 - 55	175 62
Amortization of deferred loan costs	99	02

C, Orderly Development--7(C)
Licensing & Accreditation Inspections

Miscellaneous Information

Midmonth Report for April 2014

* This report is a count of people taken in the middle of the month for which the report was run.

* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

MCO	REGION	Total
Awaiting MCO assignment		284
AMERIGROUP COMMUNITY CARE	Middle Tennessee	205,653
BLUECARE	East Tennessee	217,403
BLUECARE	West Tennessee	180,607
TENNCARE SELECT	All	46,415
UnitedHealthcare Community Plan	East Tennessee	204,800
	Middle Tennessee	206,228
	West Tennessee	179,638
Grand Total		1,241,028

	The state of the s	Female			Female	-	Ñ				
COUNTY	0-18	19-20	21-64	~99	Total	_	۳	2	4 99		Grand Total
ANDERSON	3,860	275		1	8,152				258		
BEDFORD	3,355	218		æ	6,224	22	10	锯	107		100
BENTON	888	74			1,969				70		
BLEDSOE	732	99	662	116	1,566	841	42	390	51	1,324	2,890
BLOUNT	5,385	409			11,181				290		
BRADLEY	5,141	400			10,804				270		
CAMPBELL	2,692	233			6,702				363		
CANNON	699	46		211	1,492		媳		20	540	胝
CARROLL	1,667	181			3,913				141		
CARTER	2,921	234		퀜	6,618			鬭	260		
СНЕАТНАМ	1,812	148			3,660				73		
CHESTER	935	75			2,019	-			62		
CLAIBORNE	1,859	170			4,561				245		
CLAY	491	34			1,069		題		82		
COCKE	2,574	193			5,745				224		
COFFEE	3,193	220			6,586			Œ	185		ă
CROCKETT	1,016	80			2,093				76		
CUMBERLAND	2,883	208		m	90'9		騆		211		
DAVIDSON	37,068	2,304			71,546			'n	1,499		
DECATUR	602	82			1,442	100	뒚		99	DOM:	57
DEKALB	1,242	99			2,591				101		
DICKSON	2,555	210			5,383				110		
DYER	2,461	235			5,482				148		
FAYETTE	1,681	122			3,472				140		额
FENTRESS	1,239	120			2,971				171		
FRANKLIN	1,792	146			3,827		B		101		
GIBSON	2,959	257			6,719				260		
GILES	1,431	112			3,061				76		
GRAINGER	1,314	106			2,855				148		
GREENE	3.204	265			7.519				369		

COUNTY GRUNDY HAMBLEN HAMILTON HANCOCK HARDEMAN HARDIN HARVINS	0-18	19-20	21-64	85 ↓	Total	0-18	19-20	21-64	1 20	Total	Grand Total
REUDY AMBLEN AMILTON ANCOCK ARDEMAN ARDEMAN ARDIN ANKINS		The second secon	1 001	221			F	770	007	4 077	***
AMBLEON AMILTON ANCOCK ARDEMAN ARDIN ARDIN	1.065	68	- 00	- 11	2.467	1,160	//	119	128	1/6'1	4,443
AWKINS	4 022	237	2.937	511	7,707	4,090	172	1,330	219	5,812	13,519
AND COK ARDEMAN ARDIN ARDIN AWKINS	15.667	1.197	14,258	2,214	33,336	16,452	824	5,814	871	23,961	57,298
ARDEMAN ARDIN AWKINS		53	534	148	1,228	553	49	309	71	186	2,209
ARDIN	1.604	131	1,590	328	3,654	1,610	91	793	162	2,655	6.309
AWKINS	1,589	127	1,545	377	3,639	1,664	96	808	202	2,771	6,410
Control of the last of the las	3,069	250	2,992	572	6,883	3,183	167	1,523	260	5,132	12,015
HAWADO	1,398	103	1,400	277	3,176	1,521	88	461	109	2,179	5,355
HENDEBSON	1,642	136	1,564	271	3,613	1,719	97	899	103		6,199
HENDY	1.886	171	1,741	279	4,078	2,019	111	849	101	3,079	7,157
HCKMAN	1.378	124	1,309	186	2,996	1,564	111	712	80	2,466	5,462
	388	28	408	120	942	454	22	208	65	750	1,692
CUSTON	020	6/2	884	149	2.072	988	43	440	62	1,533	3,605
HUMPHRETS	6.4.8	2 4	618	271	1 428	687	38	357	91		2,581
ACKSON	2000	107	2 444	490	6.013	3.021	129	1.206	199	4.555	10,568
JEFFERSON	200,7	757	925	286	2.215	984	55	909	150	1.794	4,009
JOHNSON	676	1 200	16 304	250	27 623	18 462	839	7.075	1 008	27.383	65,007
KNOX	100,11	75	F05,01	146	1 145	523	30	245	68		2.012
AKE	177	16.9	1 704	303	4 159	1 961	123	740	126		Section 1
AUDERDALE	C80'1	100	2070	305	5,003	2576	136	1 032	157	3.901	8.905
AWKENCE	066,7	R1	202	118	1 464	729	49	275	50	1.104	
EWIS	1 746	130	1 470	288	3.634	1.821	110	726	114	2,771	6,405
INCOLN	2 153	141	1.638	269	4.201	2,182	87	786	110	3,165	7,386
MACON	1.691	120	1,400	239	3,450	1,729	87	685	111	2,612	6,061
NOSICEM	6.033	473	5,650	824	12,980	5,992	307	2,008	322	8,629	21,610
MARION	1,628	136	1,614	238	3,616	1,660	93	704	125	2,581	6,198
MARSHALL	1,576	107	1,362	157	3,201	1,668	77	563	67	2,374	5,575
MAURY	4,324	299	3,650	526	8,798	4,561	220	1,470	187	6,438	15,237
MCMINN	2,844	223	2,572	498	6,138	2,983	142	1,194	204	200	10,660
MCNAIRY	1,656	155	1,712	393	3,916	1,769	121	938	192		6,935
MEIGS	1111人员活人员公司	72	649	84	916,1	/43	5 1	346	40		10.00
MONROE	2,619	217	2,406	497	5,738	2,852	137	1,250	245	_[
MONTGOMERY	7,469	535	6,527	644	15,1,5	66/'/	32/	2,215	077	10	40Z
MOORE	203	19	152	4/	420	254	/ L	75.	50,		10/
MORGAN	1,166	88	696	185	2,410	1,217	1 28	524	104	T.9.C	
OBION	1,834	132	1,731	296	3,993	1,941	11	694	103		6,808
OVERTON	1,151	106	666	257	2,513	1,258	08	5/0	140	7	00,4
PERRY	518	40	408	82	1,048	524	33	241	41	CHARLES AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IN C	,88,
PICKETT	233	16	223	92	564	291	20 ;	136	35		1,036
POLK	895	9/	873	148	1,993	946	64	450	9/	1,536	3,52
PUTNAM	3,830	320	3,414	722	8,317	3,948	219	1,799	308		
RHEA	2,274	152	1,880	331	4,637	2,284	130	916	124		8,090
ROANE	2,396	900	2,513	516	5,613	2,690	121	7/5/1	737	004,4	14.42
ROBERTSON	3,453	218	2,411	808	6,507	3,039	130	300	101		200 00
RUTHERFORD	11,787	890	8,836	100	4.045	1 040	111	070	194	3 132	717
SCOTT	1,769	143	1,730	100	2,043	070	. 60	462	62	1 546	3574
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State & County QuickFacts

Davidson County, Tennessee

People QuickFacts	Davidson County	Tennessee
Population, 2013 estimate	658,602	6,495,978
Population, 2010 (April 1) estimates base	626,684	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	5.1%	2.4%
Population, 2010	626,681	6,346,105
Persons under 5 years, percent, 2013	7.0%	6.2%
Persons under 18 years, percent, 2013	21.6%	23.0%
Persons 65 years and over, percent, 2013	10.9%	14.7%
Female persons, percent, 2013	51.7%	51.2%
White alone, percent, 2013 (a)	65.8%	79.1%
Black or African American alone, percent, 2013 (a)	28.1%	17.0%
American Indian and Alaska Native alone, percent, 2013 (a)	0.5%	0.4%
Asian alone, percent, 2013 (a)	3.2%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	0.1%
Two or More Races, percent, 2013	2.3%	1.7%
Hispanic or Latino, percent, 2013 (b)	9.9%	4.9%
White alone, not Hispanic or Latino, percent, 2013	57.1%	74.9%
Living in same house 1 year & over, percent, 2008-2012	79.0%	84.4%
Foreign born persons, percent, 2008-2012	11.8%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	15.5%	6.6%
High school graduate or higher, percent of persons age 25+2008-2012	85.9%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	35.0%	23.5%
Veterans, 2008-2012	39,498	493,980
Mean travel time to work (minutes), workers age 16+, 2008-2012	23.1	24.
Housing units, 2013	288,863	2,840,91
Homeownership rate, 2008-2012	55.4%	68.49
Housing units in multi-unit structures, percent, 2008-2012	37.1%	18.29
Median value of owner-occupied housing units, 2008-2012	\$167,200	\$138,70
Households, 2008-2012	255,887	2,468,84
Persons per household, 2008-2012	2.37	2.5
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$28,513	\$24,29
Median household income, 2008-2012	\$46,676	\$44,14
Persons below poverty level, percent, 2008-2012	18.5%	17.39
	Davidson County	Tennessee
Business QuickFacts		
Private nonfarm establishments, 2012	18,062	The late of A contract
Private nonfarm employment, 2012	383,086	
Private nonfarm employment, percent change, 2011-2012	1.5%	
Nonemployer establishments, 2012	58,529	471,02
Total number of firms, 2007	64,653	
Black-owned firms, percent, 2007	11.1%	8.49



State & County QuickFacts

Rutherford County, Tennessee

People QuickFacts	Rutherford County	Tennessee
Population, 2013 estimate	281,029	6,495,978
Population, 2010 (April 1) estimates base	262,604	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	7.0%	2.4%
Population, 2010	262,604	6,346,105
Persons under 5 years, percent, 2013	6.7%	6.2%
Persons under 18 years, percent, 2013	25.3%	23.0%
Persons 65 years and over, percent, 2013	9.3%	14.7%
Female persons, percent, 2013	50.7%	51.2%
White alone, percent, 2013 (a)	80.4%	79.1%
Black or African American alone, percent, 2013 (a)	13.5%	17.0%
American Indian and Alaska Native alone, percent, 2013 (a)	0.5%	0.4%
Asian alone, percent, 2013 (a)	3.2%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	0.1%
Two or More Races, percent, 2013	2.3%	1.7%
Hispanic or Latino, percent, 2013 (b)	7.0%	4.9%
White alone, not Hispanic or Latino, percent, 2013	74.3%	74.9%
Living in same house 1 year & over, percent, 2008-2012	81.1%	84.4%
Foreign born persons, percent, 2008-2012	6.6%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	9.7%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	89.1%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	27.9%	23.5%
Veterans, 2008-2012	19,076	493,980
Mean travel time to work (minutes), workers age 16+, 2008-2012	26.8	24.1
Housing units, 2013	106,433	2,840,914
Homeownership rate, 2008-2012	68.2%	68.4%
Housing units in multi-unit structures, percent, 2008-2012	20.0%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$160,100	\$138,700
Households, 2008-2012	95.347	2,468,841
Persons per household, 2008-2012	2.71	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$24,939	\$24,294
Median household income, 2008-2012	\$55,105	\$44,140
Persons below poverty level, percent, 2008-2012	13.0%	17.3%
T Cladita below poverty level, persona, 2000 2012	Rutherford	
Business QuickFacts	County	Tennessee
Private nonfarm establishments, 2012	4,602	130,592
Private nonfarm employment, 2012	86,256	2,344,047
Private nonfarm employment, percent change, 2011-2012	4.4%	1.9%
Nonemployer establishments, 2012	17,993	471,026
Total number of firms, 2007	20,939	545,348
Black-owned firms, percent, 2007	6.1%	8.4%



State & County QuickFacts

Williamson County, Tennessee

People QuickFacts	Williamson County	Tennessee	
Population, 2013 estimate	198,901	6,495,978	
Population, 2010 (April 1) estimates base	183,180	6,346,113	
Population, percent change, April 1, 2010 to July 1, 2013	8.6%	2.4%	
Population, 2010	183,182	6,346,105	
Persons under 5 years, percent, 2013	5.9%	6.2%	
Persons under 18 years, percent, 2013	28.3%	23.0%	
Persons 65 years and over, percent, 2013	11.2%	14.7%	
Female persons, percent, 2013	51.3%	51.2%	
White alone, percent, 2013 (a)	90.2%	79.1%	
Black or African American alone, percent, 2013 (a)	4.6%	17.0%	
American Indian and Alaska Native alone, percent, 2013 (a)	0.3%	0.4%	
Asian alone, percent, 2013 (a)	3.5%	1.6%	
Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a)	0.1%	0.1%	
Two or More Races, percent, 2013	1.4%	1.7%	
Hispanic or Latino, percent, 2013 (b)	4.7%	4.9%	
White alone, not Hispanic or Latino, percent, 2013	85.9%	74.9%	
Living in same house 1 year & over, percent, 2008-2012	87.5%	84.4%	
Foreign born persons, percent, 2008-2012	6.1%	4.5%	
Language other than English spoken at home, pct age 5+, 2008-2012	7.9%	6.6%	
High school graduate or higher, percent of persons age 25+ 2008-2012	94.6%	83.9%	
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	52.0%	23.5%	
Veterans, 2008-2012	9,742	493,980	
Mean travel time to work (minutes), workers age 16+, 2008-2012	26.9	24.	
Housing units, 2013	72,044	2,840,91	
Homeownership rate, 2008-2012	81.7%	68.49	
Housing units in multi-unit structures, percent, 2008-2012	12.1%	18.29	
Median value of owner-occupied housing units, 2008-2012	\$337,000	\$138,70	
Households, 2008-2012	64,946	2,468,84	
Persons per household, 2008-2012	2.82	2.5	
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$41,270	\$24,29	
Median household income, 2008-2012	\$91,146		
Persons below poverty level, percent, 2008-2012	5.8%	17.39	
Persons below powerty level, percent, 2000 2012	Williamson		
Business QuickFacts	County	Tennessee	
Private nonfarm establishments, 2012	6,158		
Private nonfarm employment, 2012	96,313		
Private nonfarm employment, percent change, 2011-2012	1.6%	1.9%	
Nonemployer establishments, 2012	21,752	471,02	
Total number of firms, 2007	25,339	545,34	
Black-owned firms, percent, 2007	2.2%	8.49	

SUPPORT LETTERS



November 12, 2014

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Mark A. Williams, M.D., Ph.D

Otolaryngology

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Respectfully,

Signature:

Name: Maria Deralas

Medical Specialty:

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Respectfully,

Signature:

Name: T. CLIFFORD RETIER

Medical Specialty: PODIATRIC SUITCHERY



Southern Hills Surgical Consultants

397 Wallace Road, Suite. C-414 Nashville, TN 37211 phone: 615-781-9499

fax: 615-781-3882 TriStarMedGroup.com

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Suhail H. Allos, M.D., FACS

James T. Ettien, M.D., FACS

Thomas C. Krueger, M.D., FACS

CON Application to Relocate the Southern Hills Surgery Center RE:

Jeff F. Seebach, M.D., FACS

Mark W. Shelton, M.D., FACS

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Respectfully,

Signature:

Name: Jeff Secbach, MB

Medical Specialty: General Surgeon



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Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

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James T. Ettien, M.D., FACS

Thomas C. Krueger, M.D., FACS

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Mark W. Shelton, M.D., FACS

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Respectfully,

Signature: Man Shellan MD

Medical Specialty: V > Scular Surgary



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James T. Ettien, M.D., FACS

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Mark W. Shelton, M.D., FACS

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Respectfully,

Signature:

Smith Min Name:

S. Allos

Medical Specialty:

G. Smyry



November 12, 2014

Southern Hills Surgical Consultants

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Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

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James T. Ettien, M.D., FACS

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Mark W. Shelton, M.D., FACS

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Respectfully

Medical Specialty:

HOMAS C. KRUEGER MD, FACS lity: general, Vascular & Thoracce Surgery

TENNESSEE FOOT & ANKLE **SPECIALISTS**

J. ALLEN SUDBERRY, D.P.M.

SOUTHERN HILLS MEDICAL CENTER 397 WALLACE RD., BLDG. C, STE. 311 NASHVILLE, TN 37211 PHONE 615-712-7366 FAX 615-712-7858

- BOARD CERTIFIED IN FOOT SURGERY & RECONSTRUCTIVE REARFOOT/ANKLE SURGERY AMERICAN BOARD OF PODIATRIC SURGERY
- FELLOW, AMERICAN COLLEGE OF FOOT & ANKI **SURGEONS**

November 12, 2014

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Respectfully, Respectfully,
Signature: Jamus A. Andhe

Name: James A. Sudberry, DPM

Medical Specialty: Podiatry



Jonathan Rotker, M.D., FACG

Jonathan Benson, M.D.

Anthony Montemuro, M.D.

November 12, 2014

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Respectfully,

Signature:

Name: Jonathan Benson

Medical Specialty: Gastrounterology



Jonathan Rotker, M.D., FACG

Jonathan Benson, M.D.

Anthony Montemuro, M.D.

November 12, 2014

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Respectfully,

Signature: // Shalla

MA FACE

Name:

JUNATHAN D. ROTKER MD, FACE

Medical Specialty: GASTROENTEROLOGY

AFFIDAVIT

STATE OF _	TENNESSEE	
COUNTY OF	DAVIDSON	

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of November 2014 a Notary

Public in and for the County/State of DAVIDSON

STATE OF TENNESSEE NOTARY PUBLIC PUBL

My commission expires July

July 2,

(Year)

assi

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place an ad online 24/7 at Tennessean.com/classifieds

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ord, copies of which are available from our Advertising Dept.
All ads are subject to approval
before publication. The Tennessean reserves the right to edir,
refuse, reject classify or concet any od of any time. Errors
must be reported in the test day
of sublication. The Tennessoon of subjection. of publication. The Tennesson shall not be licible for any loss or expense that results from an error in or aministra of an advertisement. No ratunds for early concellation of order.

When you want a new start, start looking in

The Tennessean Classifieds Every week in the Classifieds, people find jobs that let them try something new or improve their current skills. Either way. it's a change for the better.

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Public Notices

Public Notices

0000173325

REQUEST FOR QUALIFICATIONS
THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY
(MNAA) is requesting Statements of Qualifications from engineering firms with extensive experience in Bagagge Handling
System for the CIP 1507, Project Management of Outhound Baggage Load Balancing project at the Nashville International Air-

gase Load Balancing project of the Nashville International Airport, Nashville, Tennessee.

ELECTRONIC STATEMENTS OF QUALIFICATIONS should be
submitted through www.oerobidz.dero.by 2:00 p.m. (local fime).

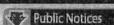
December 9: 2014. Free registration with aerobidz is ovallable
by contacting Nena Bowling at aerobidzregistration@nashint.co
m. A complete RFQ package may be downloaded from www.ae
robidz.aero.on or before November 10, 2014.

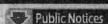
The Small, Minority and Women-owned Business Enterprise (SMWBE) participation level established for the DESIGN participation of this project will be a minimum of ZERO PERCENT (0%) Race and Gender Neutral. See http://www.fynashville.com/business-diversity-development/Pages/default.aspx for more in-

Visit http://www.flynashville.com/business-apportunities/Pages/ default.aspx for more information about this solicitation.

When you self your vehicle in The Tennessean Classifieds. you'll be surprised how fast it goes. Call 242 SALE to place year ad.

When you sell your vehicle in The Tennessean Classifieds. you'll be surprised how fast it goes. Call 242-SALE to place your ad.





NOTIFICATION OF INTENT
TO APPLY FOR A CERTIFICATE OF NEED
This is to provide official notice to the Health Services and Devi apment Agency and all interested parties, in accordance with C.A. Sections 33-13-1301 et set, and the Rules of the Heat Services and Development Agency, that Southern Hills Surges Center (an ambulatory surgical freatment center), owned at managed by Surgicare of Southern Hills, Inc. (a corporation), lends to the amabulation for a Certificate of Need to relocal from 330 Walloce Road, Nashville, TN 3721, to leased space to building to be constructed at an unaddressed site in it northeast corner of the intersection of Cld Hickory Boylews and American General Way. In Erentwood, Tennassee 372 This site is within Davidson County, adjusting Old Hickory Boylevand and I-55. The faculty will contain the same capacity if does at his current leading-interespection of Gld Hickory Boylevand ond I-55. The faculty will contain the same capacity if does at his current leading-interespection of Gld Hickory Boylevand ond I-55. The faculty will contain the same capacity which includes the value of the land and building into will leased. The faculty is currently licensed as an Ambulatory Surse of Treatment Center by the Board for Licensing Health Care Follities; and find Ficensure will continue of the new location. To project will not contain major medical equipment and will not seed any licensed bed Complements. rectany licensed bed commements.

The anticipated date of filing the application is on or before t vember 14, 2014. The contact person for the project is John We born, who may be reached at Development Support Group, 42 Hillsborn Road, Suite 210, Nashville, TN 37215; (315) 665-203

Upon written request by interested parties, a local Fact-Findli public hearing shall be conducted. Written requests for hearin should be sent to:

should be sent to:

Tennessee Health Services and Development Agency
Andrew Jackson Building, th Floor
502 Deaderick Street
Nashville, 15 37243

Furstant to 7CA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to appose a Certificate of Need application into file a written objection with the Health Services and Development Agency no later than littleen (15) dave before the regular scheduled Health Services and Development Agency meeting which the application is originally scheduled, and (B) any oth person wishing to appose the application must the written objection with the Health Services and Development Agency at order to the consideration of the application by the Agency.



State of Tennessee Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 **www.tn.gov/hsda** Phone: 615-741-2364 Fax: 615-741-9884

December 1, 2014

John L. Wellborn, Consultant Development Support Group 4219 Hillsboro Road, Suite 210 Nashville, TN 37215

RE: Certificate of Need Application -- Southern Hills Surgery Center - CN1411-047

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. Project cost is \$17,357,832.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2014. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 25, 2015.

John L. Wellborn, Consultant 4219 Hillsboro Road, Suite 210 December 1, 2014 Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill Executive Director

Melan Wille

MMH:mab

cc: Trent Sansing, CON Director, Division of Health Statistics



State of Tennessee **Health Services and Development Agency**

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO:

Trent Sansing, CON Director

Office of Policy, Planning and Assessment

Division of Health Statistics

Andrew Johnson Tower, 2nd Floor 710 James Robertson Parkway

Nashville, Tennessee 37243

FROM:

Melanie M. Hill **Executive Director**

DATE:

December 1, 2014

RE:

Certificate of Need Application

Southern Hills Surgery Center - CN1411-047

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on December 1, 2014 and end on February 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

John L. Wellborn, Consultant cc:

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before November 10, 2014, for

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Southern Hills Surgery Center (an ambulatory surgical treatment center), owned and managed by Surgicare of Southern Hills, Inc. (a corporation), intends to file an application for a Certificate of Need to relocate from 360 Wallace Road, Nashville, TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American General Way, in Brentwood, Tennessee 37250. This site is within Davidson County, adjoining Old Hickory Boulevard less than a mile east of the intersection of Old Hickory Boulevard and I-65. The facility will contain the same capacity as it does at its current location--three operating rooms and two procedure rooms. The project cost is estimated at \$17,500,000, which includes the value of the land and building that will be leased. The facility is currently licensed as an Ambulatory Surgical Treatment Center by the Board for Licensing Health Care Facilities; and that licensure will continue at the new location. The project will not contain major medical equipment and will not affect any licensed bed complements.

The anticipated date of filing the application is on or before November 14, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

//-/0-/4 jwdsg@comcast.net
(Date) (E-mail Address)

SUPPLEMENTAL-#1 -Original-

Southern Hills Surgery Center

CN1411-047

SUPPLEMENTAL #1

November 25, 2014 8:45 am



November 24, 2014

Phillip M. Earhart, HSD Examiner
Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1411-047 Southern Hills Surgery Center

Dear Mr. Earhart:

This letter responds to your November 20 request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A., Applicant Profile, Item 12

Please clarify how the existing Medicare and Medicaid certifications are current if the last cases at the ASTC were performed in 2008.

To the best of our knowledge, there is nothing in the Medicare or Medicaid regulations that would cause a certification to lapse or terminate due to a lack of cases being performed. Southern Hills did not seek to terminate the certification since the intent was always to reactivate the license at the appropriate time.

We believe that provider numbers are assigned indefinitely during the designated provider's existence as a licensed entity, and are not cancelled during a period of inactivity so long as the license remains in force.

If that is no longer the case for either program when this proposed facility opens more than a year from now, the applicant will apply for a new provider number. For the present, however, both numbers listed in Part A of the application are believed to be valid.



Page Two November 24, 2014

2. Section A., Applicant Profile, Item 6

The option to lease is noted. Please include the expected term and monthly payments.

The submitted option document states on page 2, section 1.3b, that the term will be ten years and the annual rent will be \$507,052 with an annual 3% escalator. Therefore, the monthly rent would be approximately \$42,254 in Year One. Although that amount exceeds the applicant's lease payment for the current building, a significant savings will be realized at the new location because the applicant will be paying an affiliated HCA company, thus recapturing the payment for the parent company. In addition, a lease comparison would not be "apples to apples", because at the new location, the applicant will be leasing a new and much larger footprint, in conformity to current design standards and codes.

3. Section B, Project Description, Item I.

a. In CN0412-110A the applicant stated up to 49% ownership in the ASTC will be offered to the surgeons on the medical staff of Southern Hills Medical Center. Please clarify if physicians pulling out of the venture were the reason for closing the surgery center? What has changed that would result in physicians willing to invest in the ASTC now?

In 2008, TriStar Southern Hills Medical Center was experiencing decreases in utilization. Many physicians were moving their practices off of the hospital campus. Because of the lower surgery case volume, the hospital and the ASTC found themselves sharing a limited number of cases. Two commonly owned separate multispecialty surgical facilities close together on the same campus could not be justified. So the ASTC cases were brought back to the hospital temporarily, to operate more efficiently.

Today, in 2014, TriStar Southern Hills Medical Center is in a different and better position. Its parent company HCA has made significant capital investments in the campus to upgrade plant operation and equipment, and has made significant investments in physician recruitment and in expanding subspecialist coverage. As a result, the hospital has experienced greater volumes of inpatient surgery, and is experiencing increased medical staff demand for O.R. time during peak surgery hours.

SUPPLEMENTAL #1

November 25, 2014 8:45 am

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By re-activating the ASTC, and moving it to a larger space, many outpatient cases can be moved off of the hospital O.R. schedule, leaving more available time for inpatient cases. With growing caseloads, an expanded medical staff, and the prospect of a larger and better facility for ambulatory surgery, there is now strong renewed physician interest in participation. In fact, discussions with the surgery staff about re-syndicating the ASTC at a better location began in early 2014, well before HCA knew it could acquire the Old Hickory Boulevard site where this project will be constructed.

Relocating the ASTC to a more visible location near I-65 and Old Hickory Boulevard is very satisfactory to the surgical staff. Their patients' drive times from across the service area counties will be as good as they are now, on average.

b. Please clarify if the current license is in active or inactive status.

The license is inactive, and its status is subject to an annual review by the Licensure Board. Documentation is attached after this page.

c. Why did the applicant decide to move 5.5 miles from the current location?

The application has demonstrated that relocation is needed to obtain a larger facility that complies with current design standards. In planning a relocation, it was felt that it should be reasonably accessible to the surgical staff and to residents of its current service area counties, but need not remain on the hospital campus. Remaining in South Davidson County was a priority, however. For long-range development purposes, the applicant's parent company HCA acquired a large 53-acre tract of land 12 minutes west of the current site, with immediate access to an interstate highway and a major east-west roadway. TriStar Southern Hills Medical Center management saw that this would be an ideal location for the new surgery center. They requested, and were allocated, a portion of the tract with road frontage on Old Hickory Boulevard, which is this project's site.

Attached following this page is a map of Davidson County that shows how the proposed location is only a minimal shift of location well within South Davidson County.

Woard for Aicensing Health Care Facilities

State of **Andrew** Cennessee

License No. 0000000185

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

		Ambulatory (Survicare of southern files, INC. Survical Featment Center SOUTHERN HILLS SURGERY CENTER
--	--	--------------	---

, Tennessee.

DAVIDSON

In Witness Whereof, we have hereunto set our hand and seal of the State this 18TH day of NOVEMBER, 2014 , 2015 , and is subject laws of the State of Tennessee or the rules and requbations of the State Department of Fealth issued thereunder. to the provisions of Chapter 11, Tennessee Code Functated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the In the Speciality (ies) of: GENERAL SURGERY This license shall expire_



. MPH. DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

OMMISSIONER

SUPPLEMENTAL #1

November 25, 2014 8:45 am



STATE OF TENNESSEE DEPARTMENT OF HEALTH DIVISION OF HEALTH LICENSURE & REGULATION OFFICE OF HEALTH CARE FACILITIES 665 MAINSTREAM DRIVE, SECOND FLOOR NASHVILLE, TENNESSEE 37243 TELEPHONE (615) 741-7221 FAX (615) 741-7051

February 12, 2014

Jerry W. Taylor, Attorney Stites & Harbison, PLLC 401 Commerce Street, Suite 800 Nashville, TN 37219

RE:

Fifth Extension Waiver request – License Inactive Status Southern Hills Surgery Center, Nashville; License #185

Dear Mr. Taylor:

The Board for Licensing Health Care Facilities met on January 23, 2014. The following request was granted:

A FIFTH EXTENSION WAIVER WAS GRANTED FOR TWELVE (12) MONTHS TO ALLOW SOUTHERN HILLS SURGERY CENTER'S LICENSE TO REMAIN ON INACTIVE STATUS THROUGH FEBRUARY 7, 2015.

Board action was taken in accordance with Section 68-11-206, Chapter 11, Tennessee Code Annotated, which gives the Board authority to place a license in an inactive status.

Please notify this office in writing of any changes to prove that you are meeting the requirement that was waived.

If you have any questions you may contact this office at (615) 741-7221.

Sincerely

Ann Rutherford Reed, RN, BSN, MBA

Director of Licensure

Division of Health Care Facilities

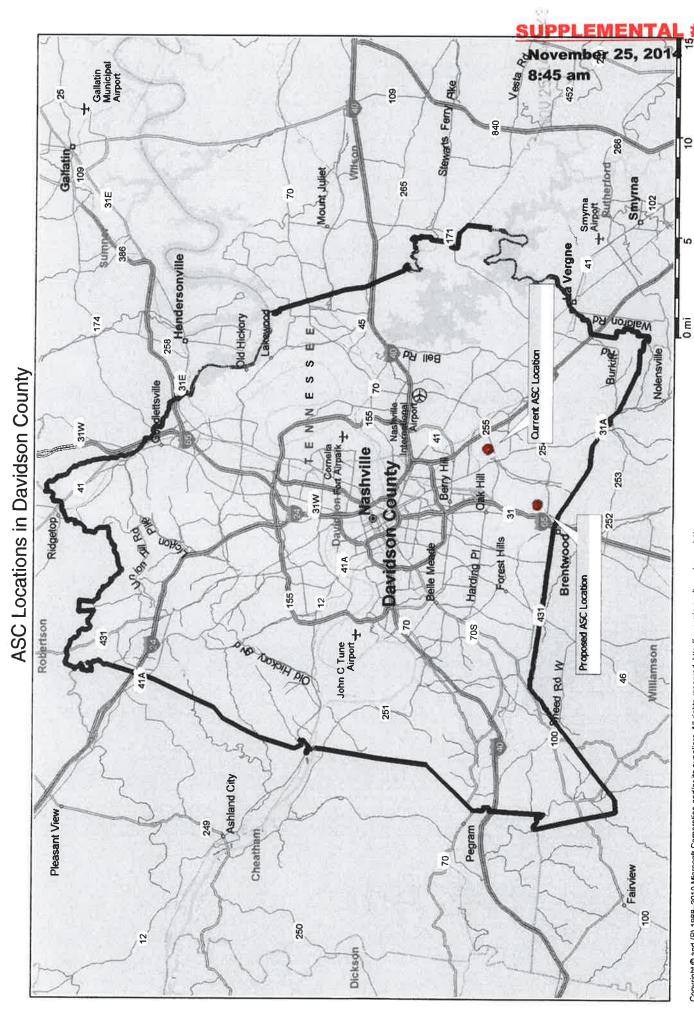
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Delores Willis



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Page Four November 24, 2014

d. Why did the applicant decide to cease operations at the Southern Hills Surgery Center in 2008?

Please see response 3a above. In 2008, there was far too much surgical capacity available in the ASTC and hospital suites. Keeping two facilities open on the same campus did not make sense at that time. The economy was depressed; fewer elective surgeries were being requested. At that time (unlike today) the hospital had sufficient surgical capacity to absorb the ASTC's caseloads. So operation of the ASTC was suspended.

e. If there have been no surgeries at Southern Hills Surgery Center for the past 6 years, why is it needed now?

As discussed above, re-opening of the ASTC now has strong medical staff support and it will provide two areawide benefits: greater accessibility for some areas of southern Davidson County and northern Williamson County; and lower costs for payors due to the lower reimbursement schedules in effect for ASTC's.

The hospital will also benefit from moving cases out of the hospital surgical rooms. This will free up O.R. time at peak periods for inpatient cases, which helps the medical staff. The active medical staff has 39 surgeons now compared to 20 in 2008. This includes 7 neurosurgeons. More surgeons will be coming on staff in the near future. The hospital's ability to schedule inpatient surgeries at optimal times is limited by a shortage of pre-op and PACU/post-op support space, by surgeons' unwillingness to utilize one O.R. with inefficient configuration, and by the number of outpatient surgeries in the O.R. suite.

f. Where are Tri-Star patients that require outpatient surgeries in the Southern Hills area referred to now?

They typically are served in the TriStar Southern Hills Medical Center's O.R.'s. Patients whose insurance coverage does not extend to the hospital (such as Blue Cross "Plan S" enrollees) will be referred to another facility. The applicant has no information on where those patients are referred. That information is privately held in physician practices and is not available.

One benefit of moving many outpatient cases back into a reactivated ambulatory surgery center is that under the TriStar contract with Blue Cross, the hospital's surgical staff will be able to serve Blue Cross Plan S enrollees in the ASTC, which they cannot do in the hospital.



Page Five November 24, 2014

g. Can the applicant provide 2007 ASTC patient origin by zip code for Southern Hills Surgery Center? If so, please provide. If not available, please provide for the outpatient surgeries for Southern Hills Medical Center for the most recent year available.

On page 26 of the submitted application, Table Six provided <u>projected</u> patient origin by county for the relocated surgery center, based on the <u>hospital's current</u> outpatient surgery patient origin by county. That is logical, because the surgery center will reopen with cases transferred directly from the hospital campus. The hospital data included all hospital GI cases performed in the ASTC building across Wallace Road.

Following this page are zip code-based supplemental tables supporting that projection. They show that the hospital's current zip code-based patient origin for outpatient surgeries does not differ significantly from the 2007 patient origin of the ASTC.

Supplemental Table One-A provides the <u>current</u> zip code-level patient origin data for all outpatient surgeries performed in 2013-2014 at Tri-Star Southern Hills Medical Center (including endoscopies).

Supplemental Table One-B provides the <u>2007</u> zip-code-level patient origin data for all surgeries performed at the ASTC.



Supplemental Table One-A: Southern Hills Medical Center November 2013-October 2014 Patient Origin By Zip Code--All Outpatient Surgeries For Zip Codes Contributing 10 or More Patients

Zip Code and Post Office	County of Post Office	Patients	Cumulative Patients	% By Zip Code	Cumulative %
37211 - NASHVILLE	DAVIDSON	551	551	22,74%	22.74%
37013 - ANTIOCH	DAVIDSON	462	1,013	19.07%	41.81%
37217 - NASHVILLE	DAVIDSON	141	1,154	5.82%	47.63%
37167 - SMYRNA	RUTHERFORD	110	1,264	4.54%	52.17%
37086 - LA VERGNE	RUTHERFORD	86	1,350	3.55%	55.72%
37027 - BRENTWOOD	WILLIAMSON	80	1,430	3.30%	59.02%
37210 - NASHVILLE	DAVIDSON	62	1,492	2.56%	61.58%
37214 - NASHVILLE	DAVIDSON	59	1,551	2.43%	64.01%
37135 - NOLENSVILLE	DAVIDSON	47	1,598	1.94%	65.95%
37076 - HERMITAGE	DAVIDSON	31	1,629	1,28%	67.23%
37122 - MOUNT JULIET	DAVIDSON	30	1,659	1.24%	68.47%
37206 - NASHVILLE	DAVIDSON	30	1,689	1.24%	69.71%
37207 - NASHVILLE	DAVIDSON	29	1,718	1.20%	70.90%
37115 - MADISON	DAVIDSON	28	1,746	1.16%	72.06%
37209 - NASHVILLE	DAVIDSON	27	1,773	1.11%	73.17%
37129 - MURFREESBORO	RUTHERFORD	27	1,800	1.11%	74.29%
37064 - FRANKLIN	WILLIAMSON	26	1,826	1.07%	75.36%
37221 - NASHVILLE	DAVIDSON	23	1,849	0.95%	76.31%
37130 - MURFREESBORO	RUTHERFORD	22	1,871	0.91%	77.22%
37128 - MURFREESBORO	RUTHERFORD	21	1,892	0.87%	78.08%
38401 - COLUMBIA	MAURY	20	1,912	0.83%	78.91%
37204 - NASHVILLE	DAVIDSON	20	1,932	0.83%	79.74%
37174 - SPRING HILL	MAURY	19	1,951	0.78%	80.52%
37075 - HENDERSONVILLE	DAVIDSON	18	1,969	0.74%	81.26%
37208 - NASHVILLE	DAVIDSON	17	1,986	0.70%	81,96%
37091 - LEWISBURG	MARSHALL	16	2,002	0.66%	82.62%
37067 - FRANKLIN	WILLIAMSON	16	2,018	0.66%	83.28%
37220 - NASHVILLE	DAVIDSON	15	2,033	0.62%	83.90%
37127 - MURFREESBORO	RUTHERFORD	15	2,048	0.62%	84.52%
37072 - GOODLETTSVILLE	DAVIDSON	14	2,062	0.58%	85.10%
37087 - LEBANON	WILSON	14	2,076	0.58%	85.68%
37218 - NASHVILLE	DAVIDSON	14	2,090	0.58%	86.26%
37138 - OLD HICKORY	DAVIDSON	14	2,104	0.58%	86.83%
37216 - NASHVILLE	DAVIDSON	12	2,116	0.50%	87.33%
37160 - SHELBYVILLE	BEDFORD	11	2,127	0.45%	87.78%
37172 - SPRINGFIELD	ROBERTSON	11	2,138	0.45%	88.24%
37203 - NASHVILLE	DAVIDSON	10	2,148	0.41%	88.65%
OTHER ZIP CODES , <10 PATIENTS		275	2,423	11.35%	100.00%
TOTAL OUTPATIENT SURGERIES		2,423			

Note: Some of the unlisted "other" zip code are also based in Davidson, Rutherford, and Wilson Counties.

	Supplemental Table One-B: Southern Hills Surgery Center 2007 Patient Origin by Zip Code For Zip Codes Contributing 10 or More Patients						
Zip Code	Post Office	County of Post Office			% by Zip Code	Cumulative 9	
37211	NASHVILLE	DAVIDSON	573	573	22.75%	22,75%	
37013	ANTIOCH	DAVIDSON	527	1100	20.92%	43.67%	
37217	NASHVILLE	DAVIDSON	176	1276	6.99%	50,66%	
37027	BRENTWOOD	WILLIAMSON	148	1424	5.88%	56.53%	
37086	LA VERGNE	RUTHERFORD	133	1557	5.28%	61.81%	
37167	SMYRNA	RUTHERFORD	123	1680	4.88%	66.69%	
37214	NASHVILLE	DAVIDSON	51	1731	2.02%	68.72%	
37129	MURFREESBORO	RUTHERFORD	50	1781	1.98%	70.70%	
37135	NOLENSVILLE	WILLIAMSON	44	1825	1.75%	72,45%	
37210	NASHVILLE	DAVIDSON	42	1867	1.67%	74.12%	
37064	FRANKLIN	WILLIAMSON	40	1907	1.59%	75.70%	
37220	NASHVILLE	DAVIDSON	34	1941	1.35%	77.05%	
37122	MOUNT JULIET	WILSON	28	1969	1,11%	78.17%	
37128	MURFREESBORO	RUTHERFORD	27	1996	1.07%	79.24%	
37076	HERMITAGE	DAVIDSON	26	2022	1.03%	80.27%	
37067	FRANKLIN	WILLIAMSON	24	2046	0.95%	81.22%	
37206	NASHVILLE	DAVIDSON	24	2070	0.95%	82.18%	
37221	NASHVILLE	DAVIDSON	23	2093	0.91%	83.09%	
37130	MURFREESBORO	RUTHERFORD	22	2115	0.87%	83.96%	
37209	NASHVILLE	DAVIDSON	22	2137	0.87%	84.84%	
37138	OLD HICKORY	DAVIDSON	17	2154	0.67%	85.51%	
37174	SPRING HILL	MAURY	17	2171	0.67%	86_18%	
37069	FRANKLIN	WILLIAMSON	14	2185	0.56%	86.74%	
37207	NASHVILLE	DAVIDSON	14	2199	0.56%	87.30%	
38401	COLUMBIA	MAURY	14	2213	0.56%	87.85%	
37216	NASHVILLE	DAVIDSON	13	2226	0.52%	88.37%	
37075	HENDERSONVILLE	SUMNER	12	2238	0.48%	88.84%	
37015	ASHLAND CITY	CHEATHAM	11	2249	0.44%	89.28%	
37072	GOODLETTSVILLE	DAVIDSON	11	2260	0.44%	89.72%	
37204	NASHVILLE	DAVIDSON	11	2271	0.44%	90.15%	
37215	NASHVILLE	DAVIDSON	11	2282	0.44%	90.59%	
THER ZIP	CODES < 10 PATIENTS		237	2,519	9.41%	100.00%	

Note: Some of the unlisted "other" zip code are also based in Davidson, Rutherford, and Wilson Counties.

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h. Are there other locations closer to Southern Hills that could be viable options for relocation?

None was identified. During 2013 HCA began searching for a large tract of land in South Davidson County for multi-use development, not for an ASTC site. When HCA acquired the 53 acres of AIG property on Old Hickory Boulevard, a corner of that property was empty and immediately developable. It made sense for Southern Hills management to focus on that site where it would be able to lease its ASTC space from an HCA-owned lessor.

i. What is the current surgical volume at 360 Wallace Road, Nashville (Davidson County) TN 37211?

Table Ten-A on page 34 of the application provides 2011-2014 cases at that location (the ASTC building). The CY2014 cases were annualized based on January through October. The hospital expects to perform more than 2,500 endoscopic cases in that building during CY2014.

k. When will the lease expire at 360 Wallace Road?

It will expire on January 31, 2020.

l. Please complete the following chart:

						Licensure	Licensure
ASTC	OR#1	OR#2	OR#3	PR#1	PR#2	Standard	Standard
Locations	SF	SF	SF	SF	SF	OR	PR
360							
Wallace	318	317	321	319	237		
Road	SF	SF	SF	SF _	SF	400 SF	150
New							
Proposed	415	415	415	237	237		
Location	SF	SF	SF	SF	SF		

Note:

- 1. In the submitted application the hospital estimated the existing ASTC OR's at approximately 340 SF. The architect has done on-site measurement now and those rooms average 319 SF as shown in the table. Therefore, the new O.R.'s will be 30% larger in floor space, rather than the 22% figure cited on page 15 of the application. There will also be a 75% increase in pre-op stations (7, not 4).
- 2. The Licensure category for a procedure room is changing to "Class A operating room/minimal anesthesia".

Page Seven November 24, 2014

m. Southern Hills Surgery Center (CN0412-110) was approved in February 2005 by the Agency. When did the ASTC open and close? When did it reopen as a department of the hospital?

The ASTC was licensed and became operational on July 26, 2005. It ceased to perform cases as an ASTC on November 5, 2008. The hospital began using it for hospital endoscopy cases on February 28, 2011.

n. In CN0412-110A the applicant stated the Southern Hills Surgery Center, LP project was needed to help alleviate the hospital campus' significant problems of physical accessibility due to congested parking on its constrained hilltop site. If this application is approved to relocate the ASTC, will those physical accessibility problems arise again on the main hospital campus of Southern Hills? Please clarify if physical accessibility issues have resurfaced since the closure of the ASTC in 2007.

After the ASTC closed in 2008, there were some traffic, parking, and pedestrian issues; and as the hospital grows in utilization these will increase. However, to mitigate them, the hospital now provides roving transport to ferry visitors from their parking spaces to the hospital and its medical office buildings. And the hospital now has a large parking lot on the south edge of its campus that almost always has ample parking space available.

The current "Endoscopy Center" building will close in CY2016 once the new surgery center is open. Some of those endoscopy cases and their associated traffic will come back into the hospital campus. However, at the same time, an equal number of other outpatient cases will move out of the hospital surgical suite into the new ASTC location. These shifts of outpatients will offset one another, so the project will not exacerbate traffic at the hospital campus.

o. Why did the applicant continue to lease the building at 360 Wallace Road, Nashville, TN for almost 7 years after the ASTC was shut down?

First, because its lease remains in force through January 2020. Second, because it was a physical asset that the hospital could rent and utilize to take endoscopy cases out of the hospital surgical suite, opening up more O.R. time for inpatient cases. Third, because the hospital has always intended to relocate it with a new syndication--once medical staff interest renewed, and surgical volumes made it feasible, and a site could be acquired.

Page Eight November 24, 2014

p. In CN0412-110A the applicant stated the impact of Southern Hills Surgery Center, LP project will primarily be on Southern Hills Medical Center itself, being a redeployment of Southern Hills' cases within its own campus. In addition, the applicant stated the projected case load of the facility amounted to approximately half of the surgical case volume at Southern Hills Medical Center in 2003 and almost two-thirds of the outpatient case volume. Please clarify if the surgical cases mentioned above remained at SHMC after approval of CN0412-110A. If not, where were the surgeries performed?

That 2004 ASTC application projected case volumes of 2,720 and 3,400 cases in its first two full years of operation. The ASTC achieved case volumes of 2,587 and 2,819 cases in its first two full calendar years of operation (2006-2007). The shortfall in cases presumably remained in the hospital. The applicant has no way of knowing where else those patients may have been served, or how many there were.

q. Please clarify how the hospital operated an endoscopy center at the Southern Hills Surgery Center which is licensed as an ASTC?

T.C.A. §68-11-209(f) authorizes a hospital to provide outpatient therapeutic and diagnostic services on a site located outside of its main campus without a waiver or approval of the BLHCF. Since the ASTC license is on inactive status, we are aware of no prohibition against performing hospital-based services in the building. A Joint Commission survey of the hospital was conducted in June, 2013 and no deficiency or concern about this practice was noted. See the letter attached following this page.

From the Federal perspective, in 2011 the hospital notified Medicare of its intent to use the vacant ASTC facility for endoscopic cases; excerpts from that document are attached following the Joint Commission letter after this page.

So the hospital is appropriately (a) operating this building as a department of the hospital, and (b) reporting its cases in the hospital Joint Annual Reports.

r. Please clarify if the hospital reported endoscopy cases performed in a licensed ASTC as being performed in a hospital setting in the Joint Annual Reports.

Yes. Those cases were included in the hospital's Joint Annual Reports from 2008 through 2013.



SUPPLEMENTAL #1

November 25, 2014 8:45 am

June 24, 2013

Thomas Ozburn CEO Southern Hills Medical Center 391 Wallace Road Nashville, TN 37211 Joint Commission ID #: 7890
Program: Hospital Accreditation
Accreditation Activity: Unannounced Full
Event
Accreditation Activity Completed:

06/12/2013

Dear Mr. Ozburn:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high - quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

With that goal in mind, your organization received Requirement(s) for Improvement during its recent survey. These requirements have been summarized in the Accreditation Report provided by the survey team that visited your organization.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

Sincerely,

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

erk Pelletin

SUPPLEMENTAL #1

Southern Hills Medical Center

November 25, 2014 8:45 am

TRI & STAR HEALTH SYSTEM.

Via Federal Express

June 23, 2011

Cahaba GBA Part A Provider Enrollment Attn: Provider Audit and Reimbursement 300 Corporate Parkway Birmingham, AL 35242

Re:

Southern Hills Medical Center

To Whom It May Concern:

Enclosed please find the relevant sections of the Medicare enrollment application (CMS-855A) for Southern Hills Medical Center. This change of information is being submitted to address the following:

- 1. Effective February 28, 2011, Southern Hills Medical Center moved our OP endoscopy department to a new practice location off campus.
- 2. We updated Section 1 to request the change of Medicare information and practice location information.
- 3. Section 2B1 was completed per instructions for Southern Hills Medical Center.
- 4. On Section 3 the practice location for the Tristar Endoscopy Center was added with an open date of February 28, 2011.
- 5. In Section 4 A the practice location information was updated for the new location address and phone number.
- 6. In Section 4 B we added the P.O. Box to which special payments and remittance notices should be sent.

If you have questions regarding the above, do not hesitate to contact me at (615) 781-4150 or by e-mail at iohn.porada@hcahealthcare.com. Thank you for your attention to this matter.

Sincerely,

John T. Porada

Chief Financial Officer

lc

Enclosure

SECTION 15: CERTIFICATION STATEMENT (Continued)

B. 151 AUTHORIZED OFFICIAL SIGNATURE

I have read the contents of this application. My signature legally and financially binds this provider to the laws, regulations, and program instructions of the Medicare program. By my signature, I certify that the information contained herein is true, correct, and complete, and I authorize the Medicare fee-for-service contractor to verify this information. If I become aware that any information in this application is not true.

correct, or complete, I ag	mormation ree to notif	If I become aw by the Medicare f	are that any information if ee-for-service contractor	n this a of this	pplication is not true, fact immediately.
If you are changing, addi	ng, or dele riate fields	ting information, in this section.	check the applicable box	, furnis	th the effective date,
CHECK ONE	۵	CHANGE	☐ ADD		☐ DELETE
DATE (mm/dd/yyyy)	ar a				
	Authoriz	ed Official's In	formation and Signat	ure	
First Name THOMAS		Middle Initial H.	Last Name OZBURN		Suffix (e.g., Jr., Sr.)
Telephone Number (615) 781-4150				Title/Po	osition
Authorized Official Signature	Middle, I	ast Name, Jr., Sr., M.D.,	D.O., etc.)		gned (mm/dd/yyyy) 23 [[
C. 2 ^{NO} AU1 HORIZED O	ELCIAL SI	CNATURE	N. C. C. C. C.		
I have read the contents of					
laws, regulations, and pro information contained her contractor to verify this ir correct, or complete, I agi	gram instruction is true, of the formation. The to notify	actions of the Me correct, and con If I become away the Medicare for	edicare program. By my somplete, and I authorize the tree that any information in the ce-for-service contractor of the c	ignature Medic Medic of this apof this f	e, I certify that the are fee-for-service pplication is not true, act immediately.
If you are changing, adding and complete the appropriate appropria	ng, or delet iate fields i	ing information, n this section.	check the applicable box	, furnis	n the effective date,
CHECK ONE	0	CHANGE	□ ADD		☐ DELETE
DATE (mm/dd/yyyy)					
	Authorize	ed Official's Inf	ormation and Signatu	ıre	
First Name		Middle Initial	Last Name		Suffix (e.g., Jr., Sr.)
Telephone Number		- W		Title/Po	sition
Authorized Official Signature (A	First, Middle, La	st Name, Jr., Sr., M.D., L).O., etc.)	Date Sig	ned (mm/dd/yyyy)
All signatures	must be orig	inal and signed in	ink. Applications with signat	ures des	med not

iginal will not be processed. Stamped, faxed or copied signatures will not be accepted.

CMS-855A (02/08)

SECTION 1: BASIC INFORMATION

A. Check one box and complete th	e required sections	
REASON FOR APPLICATION	BILLING NUMBER INFORMATION	REQUIRED SECTIONS
☐ You are a new enrollee in Medicare	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	Complete all sections except 2F, 2G, and 2H
 □ You are enrolling with another fee-for-service contractor's jurisdiction □ You are reactivating your Medicare enrollment 	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	Complete all sections except 2F, 2G, and 2H
☐ You are voluntarily terminating your Medicare enrollment	Effective Date of Termination: Medicare Identification Number that is terminating (if issued): NPI (if issued):	Complete sections: 1, 2B1, 13, and either 15 or 16
☐ There has been a Change of Ownership (CHOW) of the Medicare-enrolled provider You are the: ☐ Seller/Former Owner ☐ Buyer/New Owner	Medicare Identification Number (if issued): NPI: Tax Identification Number:	Seller/Former Owner: 1A, 2F, 13, and either 15 or 16 Buyer/New Owner: Complete all sections except 2G and 2H
☐ Your organization has taken part in an Acquisition or Merger You are the: ☐ Seller/Former Owner ☐ Buyer/New Owner	Medicare Identification Number of the Seller/Former Owner (if issued): NPI: Tax Identification Number:	Seller/Former Owner: 1A, 2G, 13, and either 15 or 16 Buyer/New Owner: 1A, 2G, 4, 13, and either 15 (if you are the authorized official) or 16 (if you are the delegated official), and 6 for the signer if that authorized or delegated official has not been established for this provider.
 □ Your organization has Consolidated with another organization You are the: □ Former organization □ New organization 	Medicare Identification Number of the Seller/Former Owner (if issued): NPI: Tax Identification Number:	Former Organizations: 1A, 2H, 13, and either 15 or 16 New Organization: Complete all sections except 2F and 2G
You are changing your Medicare information	Medicare Identification Number (if issued): 440197 NPI: 1720032345	Go to Section 1B
 You are revalidating your Medicare enrollment 	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	Complete all sections except 2F, 2G, and 2H
MS-855A (02/08)		

SUPPLEMENTAL #1

November 25, 2014 8:45 am

SECTION 1: BASIC INFORMATION (Continued)

B. Check all that apply and complete the required sections: **REQUIRED SECTIONS** 1, 2 (complete only those sections that are changing), 3, 13, and either 15 (if you are the authorized Identifying Information official) or 16 (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 13, and either 15 (if you are the authorized ☐ Adverse Legal Actions/Convictions official) or 16 (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 4 (complete only those sections that are ☑ Practice Location Information, Payment Address changing), 13, and either 15 (if you are the authorized official) or 16 (if you are the delegated official), and & Medical Record Storage Information Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 5, 13, and either 15 (if you are the authorized Ownership Interest and/or Managing Control Information official) or 16 (if you are the delegated official), and (Organizations) Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 6, 13, and either 15 (if you are the authorized Ownership Interest and/or Managing Control Information official) or 16 (if you are the delegated official), and (Individuals) Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 7, 13, and either 15 (if you are the authorized official) or 16 (if you are the delegated official), and ☐ Chain Home Office Information Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 8 (complete only those sections that are changing), 13, and either 15 (if you are the authorized Billing Agency Information official) or 16 (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider. 1, 2B1, 3, 12, 13, and either 15 (if you are the authorized official) or 16 (if you are the delegated official), and Special Requirements for Home Health Agencies Section 6 for the signer if that authorized or delegated official has not been established for this provider. Authorized Official(s) 1, 2B1, 3, 6, 13, and 15. Delegated Official(s) (Optional) 1, 2B1, 3, 6, 13, 15, and 16.



Page Nine November 24, 2014

s. Please describe the location of the current ASTC in relation to Southern Hills Medical Center.

The ASTC is diagonally across Wallace Road from the hospital, no more than 100 yards away. It is part of the hospital campus--staffed, utilized, and controlled by the hospital. It is treated as a Department of the Hospital.

4. Section B, Project Description, Item II.A.

Please provide the square footage and costs per square footage chart as referenced in Attachment B.II.A.

The chart is attached following this page.

- 5. Section B, Project Description, Item III.B.1.
 - a. Please provide an overview of bus services available at the current site at 360 Wallace Road, Nashville and the proposed site.

Please see the two Metro bus route maps attached following this page. The hospital and the ASTC currently have bus service to the intersection of Wallace Road and Nolensville Road, at the edge of the hospital campus. A bus line currently goes by the proposed ASTC site at American Way and Old Hickory Boulevard.

b. Please clarify if TennCare will provide round trip transportation for TennCare enrollees to the new site.

TennCare currently provides transportation to and from the hospital campus, which includes the ASTC; and the applicant expects that this would also be available at the new site, which is within the same county.

SUPPLEMENTAL #1

1.866 1.86	A. Unit / Department	Existing	Existing SF	Temporary	Proposed Final Location	Sc Renovated	Proposed Final Square Footage	Total	Renovated	Proposed Final Cost / SF New	nal Total
3,825 \$225.00 3,825 \$225.00 3,737 \$225.00 2,927 \$225.00 14,069 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00											
1,866 \$225.00 3,825 \$225.00 3,825 \$225.00 3,737 \$225.00 2,927 \$225.00 14,069 \$225.00 892 \$225.00 18,109 \$135.00 18,109 \$360.00											
3,825 \$225.00 3,825 \$225.00 3,737 \$225.00 2,927 \$225.00 14,069 \$225.00 18,109 \$135.00 18,109 \$360.00							1,866	1,866		\$225.00	\$419,850.00
3,825 \$225.00 744 \$225.00 3,737 \$225.00 2,927 \$225.00 14,069 \$225.00 18,109 \$135.00 18,109 \$360.00 18,109 \$360.00							970	970		\$225.00	\$218,250.00
3,737 \$225.00 2,927 \$225.00 14,069 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00							3,825	3,825		\$225.00	\$860,625.00
3,737 \$225.00 2,927 \$225.00 1,069 18,109 18,109 \$135.00 18,109 \$360.00							744	744		\$225.00	\$167,400.00
2,927 \$225.00 1,069 \$225.00 18,109 \$135.00 18,109 \$360.00 18,109 \$360.00							3,737	3,737		\$225.00	\$840,825.00
14,069 \$225.00							2,927	2,927	2 K K K K K K K K K K K K K K K K K K K	\$225.00	\$658,575.00
14,069 \$225.00											
14,069 \$225.00											
14,069 \$225.00										J-++++	
14,069 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00											
14,069 \$225.00							ļ				
14,069 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00		7									
14,069 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00											
14,069 \$225.00 892 \$225.00 3,148 \$225.00 18,109 \$135.00 18,109 \$360.00											
892 \$225.00 3,148 \$225.00 18,109 \$225.00 18,109 \$135.00 18,109 \$360.00							14,069	14,069			\$3,165,525.00
3,148 \$225.00 18,109 \$225.00 18,109 \$135.00 18,109 \$360.00		(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					892	892		\$225.00	\$200,7000\$
18,109 \$225.00 18,109 \$135.00 18,109 \$360.00							3,148	3,148		\$225.00	\$708,300.00
18,109 \$135.00 \$135.00 18,109 \$360.00							18,109	18,109		\$225.00	\$4,074,525.00
18,109							18,109	18,109	and the same of th	\$135.00	\$2,444,715.00
							18,109	18,109		\$360.00	\$6,519,240.00

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- 6. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and replacement of Health Care Institutions, #2.b)
 - a. The applicant has provided 10 letters of support from physicians for the proposed ASTC relocation. Please clarify if additional letters of physician support will be submitted expressing interest in participating at the new location.

Additional letters of physician support are attached at the end of this letter. More may be received as time goes on. If so, the applicant will forward them to the Agency.

b. Why has physician's interest in the ASTC resurfaced since 2008?

This has been addressed above in several prior questions. Briefly, many new surgeons have joined the staff since 2008. The active surgical staff is almost twice as large now: 39 (including 7 neurosurgeons) compared to 20. Inpatient cases are increasing and operating room space is in higher demand in peak hours; the larger and improved ASTC floor plan is much more attractive to the surgeons than was the former ASTC.

7. Section C, Need, Item 4.B.

a. In CN0412-010A, the applicant noted the area immediately around Southern Hills in southeastern Davidson County has a lower income and is more ethnically diverse than nearby parts of northern Rutherford and north Williamson Counties. The applicant stated Southern Hills surgery center will be very TennCare accessible. Please clarify how the applicant plans to serve the above mentioned population if the surgery center is moving 5.5 miles closer to Northern Williamson County.

The surgeons who are committing to use the new location are already on the Southern Hills staff and their existing primary care physician referral base within these three counties will continue to refer patients to them. The Southern Hills surgeons will be able to schedule their ambulatory patients into the new ASTC. The new ASTC, like TriStar Southern Hills Medical Center, will be completely accessible to TennCare patients. It will be in the same TennCare MCO contracts, will be staffed by the same surgeons, and will be in the same primary service area county.

Page Eleven November 24, 2014

b. What is the existing payor mix of surgical cases performed at 360 Wallace Road, Nashville?

The supplemental table below provides a comparison of payor mix data for the facilities and years concerned. This also addresses question 7b below.

Supplemental Table Two: Payor Mix Comparisons Southern Hills Medical Center -- All Outpatient Surgery, 2014 Southern Hills Endoscopy Center, 2014 Southern Hills Surgery Center 2007

Southern Hills Surgery Center Projected 2017

10 0 111				
Facility/Year	Medicare	Medicaid	Charity/Self Pay	Other
Southern Hills				
Med Center, All				
OP Surgery, 2014	46.2%	16.2%	3.6%	34.0%
Southern Hills				
Endoscopy Center,				
2014 (Endo Only)	33.7%	9.2%	0.9%	56.2%
Southern Hills				
Surgery Center, 2007	14.7%	5.0%	0.3%	80.0%
Southern Hills				
Surgery Center, 2017	17.3%	12.1%	0.5%	70.1%

Notes:

- 1. SH Med Center data is for <u>all</u> hospital outpatient surgeries, wherever performed.
- 2. SH Endoscopy Center data is a breakout for current endoscopy cases being performed at 360 Wallace Road (the surgery center building), as a Department of the Hospital.
- 3. Southern Hills Surgery Center data is for its last full year (2007) under an active license, and for its first year (2017) at the proposed new location.

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8. Section C, Need, Item 6.

Please provide the following information for Southern Hills Medical Center for the most recent year available.

The requested data is shown below. The theoretically available (100%) surgical room capacity is 120,000 minutes--based on 8 hours per day per room, 250 days per year.

One O.R. is so small (long and narrow) that it is no longer scheduled. Nor is there pre-op and post-op/PACU (post-anesthesia care unit) space to support many more O.R. cases than the hospital is currently performing. Were the hospital to close the surgery center without a replacement facility, the hospital could not accommodate all of its approximately 2,500 endoscopy cases within the hospital surgical suite.

					Turn-	Total		
			Cases	Surgical	around	Room	Schedu-	% of
			Per	Minutes	Minutes	Minutes	lable	Schedulable
CY 2013	No.	Cases	Room	Used	(Av'ge)	Used	minutes	Time Used
Operating					110,055			
Rooms	8*	3,335	417	436,314	(33)	546,369	960,000*	57%
Endoscopy								
Procedure					36,435			
Rooms**	3**	2,429	810	71,172	(15)	107,607	360,000	30%
Subtotal,								
Operating &								
Proced.								
Rooms	11	5,764	524	507,486	146,490	653,976	1,320,000	50%
Cystoscopy								
Procedure					9,009			
Rooms	1	273	273	13,632	(33)	22,641	120,000	19%
Other								
Procedure								_
Rooms	0	0	0	0	0	0	0	0
Total All								
Surgical								
Rooms	12	6,037	503	521,118	155,499	676,617	1,440,000	47%

^{*}The hospital JAR reports 9 O.R.s and 1 cystoscopy room, but one O.R. is not schedulable due to being too long and narrow to accommodate the surgical teams and their equipment.

^{**} The 3 endoscopy rooms are located in the ASTC building.



Page Thirteen November 24, 2014

b. Please clarify why the applicant is only projecting a 25% increase in surgical cases from 2,519 in 2007 to 3,170 in 2017.

The projection is based on the applicant's individual physician interviews. Not every physician will be moving all of his or her ambulatory cases to the new location. A larger caseload transfer is hoped for; but the application intends to be conservative in its projections.

Also, please note that this will be CAGR (compound annual growth rate) of more than 2% annually over that decade--which is not an insignificant rate of increase.

9. Section C. Economic Feasibility Item 1 (Project Cost Chart) and Item 3

Please clarify why the total construction cost of \$360.00/sq ft. is higher than the 3rd quartile construction cost of \$223.62 for ASTC projects approved by the Agency from 2011 to 2013.

Costs appear to be increasing rapidly. The midpoint of the Registry years is 2012. This facility will be constructed in 2015 and 2016, which will impose several more years of cost inflation. Currently HCA's surgery center division is building two new freestanding ASTC's in Kansas City and Dallas. The former is costing \$395 PSF and the latter is \$370 PSF. Also, the company believes that it constructs its surgery centers to very high design standards, which increases front-end costs but is appropriate considering life-cycle costs.

10. Section C, Economic Feasibility, Item 4 (Historical Data Chart and Projected Data Chart)

If possible, please provide a historical data chart for 2007.

That Chart is attached following this page.



HISTORICAL DATA CHART FOR CY2007 -- SOUTHERN HILLS SURGERY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

		, car a cgc		Cases					8==	Year 2007 2,519
Α,	Utili	zation Data								
B.	Reve	enue from Se	rvices to Patients							
	1.	Inpatient Se	ervices		\$_				-	12,590,620
	2.	Outpatient	Services		_		_		_	
	3.	Emergency	Services		_		-		_	14
	4.	Other Operation	ating Revenue		_		_			
		(Specify)	See notes page						-	12,590,634
				Gross Operating Revenue	\$_	0	\$ _	0	\$	
C.	Ded		perating Revenue						_	10,146,213
	1.		l Adjustments		\$_		_		_	
	2.		or Charity Care		-		_		-	111,212
	3.	Provisions f	for Bad Debt		-		-		-	10,257,425
				Total Deductions	\$_	0	\$ _	0	\$_	2,333,209
		ATING REVEN			\$_	0	\$ _	0	\$	
D.		rating Expens							-	1,104,011
	1.	Salaries and	_		\$ _		-		-	
	2.	-	Salaries and Wages		_		-		-	510,899
	3.	Supplies			_		-		-	104,055
	4.	Taxes			_		_		_	433,999
	5.	Depreciatio	n		_					287,371
	6.	Rent			_		0=		_	
	7.		her than Capital		_					
	8.	Managemer							-	120,000
		a. Fees to			_		_			
			Non-Affiliates		_				_	345,570
	9.	Other Expe	nses (Specify)	See notes page					-	2,905,905
				Total Operating Expenses	\$ _					
E.		•	Expenses) Net (S	pecify)	\$ _		\$_		\$_	(572,696)
NET		ATING INCOM	-		\$ _	0	\$ _	0	\$	
F.	Capi	tal Expenditu							2	
	1.	Retirement	of Principal		\$_		\$ _		\$ _	200,949
	2.	Interest			_					200,949
				Total Capital Expenditures	\$ _	0	\$_	0	\$	
		ATING INCOM	, ,						=	(773,645)
LESS	CAP	ITAL EXPEND	ITURES		\$_	0	\$_	0	\$_	0



8:45 am

NOTES TO HISTORIC DATA CHART

Line D8, Other Expenses:

Category of Expense	<u>CY2007</u>
Contract Services	\$124,418
Repairs / Maintenance	\$65,589
Utilities	\$90,425
Insurance	\$13,189
Misc. Expenses	\$51,949
TOTAL	\$345,570



Page Fourteen November 24, 2014

11. Section C, Economic Feasibility, Item 9

a. Please briefly discuss how the Affordable Care Act will impact unreimbursed patient care and profitability.

In its present form, the Act should increase the number of persons with insurance coverage, especially if Tennessee opts into the Medicaid expansion options in the program. This may induce more persons to seek medical care earlier than they have been able to in the past. If this occurs the applicant will likely see a modest increase in surgical cases and net revenues in the years ahead.

b. What was the ASTC payor mix in 2007? How does that compare to projected payor mix?

		Projected
Payor	2007	2017
Medicare	14.7 %	17.3 %
Medicaid	5.0 %	12.1%
Self Pay/Charity	0.3 %	0.5%
Other	80.0%	70.1%

These payor mix data are also shown in Supplemental Table One above, in response to question 7b.

12. Section C, Economic Feasibility, Item 10

Please provide the latest audited financial statements for HCA Holdings, Inc.

The income statement and balance sheet that were provided in the Attachments to the submitted application are the most recent audited statements of HCA Holdings, Inc. as submitted in the company's Annual Report.

Page Fifteen November 24, 2014

13. Section C, Orderly Development, Item 2.

The applicant mentions moving several thousand annual cases from a hospital setting to an ASTC setting. Please complete the following chart to measure the impact on Southern Hills Medical Center of the surgical volume relocation.

Actual and Projected Surgical Utilization: 2007-2017 Southern Hills Medical Center and Southern Hills Surgery Center

110	10 0 41 4								5 7			
		2007	2008	2009	2010	2011	2012	2013	2014		2017	2018
Hospital	#ORs	9	9	9	9	9	9	9	8		8	8
	#PRs	1	1	1	1	1	1	1	1		1	1
	Cases	3,611	3,544	3,741	3,332	3,158	3,459	3,608	3,810		3,974	4,549
	Inpatient	1,312	1,247	1,133	970	883	1,170	1,217	1,391		1,564	1,627
	Outpatient	2,299	2,297	2,608	2,362	2,275	2,289	2,391	2,419		2,410	2.922
	Cases/room	361	354	374	333	316	346	361	423		442	505
ASTC	#ORs	3	3	3	3	3	3	3	3		3	3
	#PRs	2	2	2	2	2	2	2	2		2	2
	Cases	2,519	1,390	0	0	2,206	2,351	2,459	2,429		3,170	3,602
	Cases/room	504	556	0	0							
										_		

Notes:

- 1. Hospital cases do not include outpatient endoscopies performed in the ASTC from 2011 through 2014.
- 2. The ASTC cases in 2011-14 are endoscopy cases performed in the ASTC as a department of the hospital.
- 3. The ASTC cases in 2017-2018 have the case mix as projected on p. 35 of the application.
- 4. The hospital no longer schedules cases into one of its OR's, which is too long and narrow to be acceptable to the medical staff, although it is approximately the minimum total SF allowable under Licensure standards.
- 5. The projection methodology for hospital cases is shown on the worksheet following this page. As discussed in the original application, ASTC projections reflect physician interviews conducted by HCA's surgery center development staff.

SUPPLEMENTAL #1

November 25, 2014 8:45 am

	N				-	rgical Utiliz nern Hills S					
		2007	2008	2009	2010	2011	2012	2013	2014	ASTC Yr 1 2017	ASTC Yr 2 2018
Hospital	# Operating Rooms	9	9	9	9	9	9	9	8	8	8
	# Procedure Rooms	1	1	1	1	1	1	1	1	1	1
	Total Rooms	10	10	10	10	10	10	10	9	9	9
	Cases	3,611	3,544	3,741	3,332	3,158	3,459	3,608	3,810	3,974	4,549
	IP	1,312	1,247	1,133	970	883	1,170	1,217	1,391	1,564	1,627
	OP	2,299	2,297	2,608	2,362	2,275	2,289	2,391	2,419	2,410	2,922
	Cases/Room	361	354	374	333	316	346	361	423	442	505
ASTC	It Operating Peases	2			3		2	2	3		
ASIC	# Operating Rooms	3	3	3	3	3	3	3	3	3	3
	# Procedure Rooms	- 2									
	Total Rooms	5	5	5	5	5	5	5	5	5	5
	Cases	2,519	1,390	0	0	2,206	2,351	2,429	2,542	3,170	3,602
	Cases/Room	504	278	0	0	441	470	486	508	634	720

Projection of Hospital Cases:

1. Hospital IP cases have increased recently at approximately 4% annually; the projection is for this to continue through 2018.

2014 annd	2015	2016	2017	2018
1391	1446	1504	1564	1627
change:	4%	4%	4%	4%

2. Hospital OP cases have increased recently at approximately 4% annually; the projection is for this to continue through 2018.

	2014 annd	2015	2016	2017	2018
Non-endo OP cases	2,419	2,515	2,617	2,721	2,830
Endo OP cases	2,542	2,644	2,749	2,859	2,974
Total OP cases	4,961	5,159	5,366	5,580	5,804
	change:	4%	4%	4%	4%

3. The ASTC is projected to derive all of its cases in Year One from the hospital and 80% of its cases in Year Two from the hospital. In other words, in Year Two the ASTC will have 20% of its cases from new referrals not taken from the hospital.

This will leave the following OP cases at the hospital.

	2014 annd	2015	2016	2017	2018				
Non-endo OP cases	2,419	2,515	2,617	2,721	2,830				
Endo OP cases	2,542	2,644	2,749	2,859	2,974				
Total Available OP cases	4,961	5,580	5,804						
ASTC Cases Being Moved for	3,170	2,882							
NET Hospital OP cases									

(2,882 is 80% of 3,602 Year Two ASTC caseloads)



Page Sixteen November 24, 2014

14. Section C, Orderly Development, Item 3.

- a. Licensing and Accreditation Inspections are listed in the Index of Attachments. Please provide.
- b. Since the hospital performed endoscopies in a licensed ASTC, please provide the latest licensure survey for the license listed below.

118.	Administrator: TIM EVANS	Facility License Number:
SOUTHERN HILLS	Owner Information:	00000185
SURGERY CENTER	SURGICARE OF	Status: Licensed
360 WALLACE ROAD	SOUTHERN HILLS, INC.	Date of Last Survey:
NASHVILLE, TN 37211	360 WALLACE ROAD	10/19/2006
Attn: TIM EVANS	NASHVILLE, TN 37211	Accreditation Expires:
(615) 332-3030	(615) 332-3030	Date of Original
		Licensure: 07/26/2005
		Date of Expiration:
		07/22/2015

That entry in the Index of Attachments was a placeholder, because the applicant expected to be able to locate those documents and to submit them during the supplemental cycle.

However, after best efforts in searching corporate and facility archives, the ASTC owner has not yet been able to find either the most recent (10-19-06) licensing inspection/ plan of correction, or the most recent AAAHC accreditation inspection or certificate (probably done in 2005 or 2006).

The applicant will continue to pursue those seven-year-old documents in TDH Licensure files and at AAAHC offices, and if located they will be submitted to the Agency. The applicant respectfully requests that lack of these documents at the present time not delay acceptance into the December 1 CON review cycle.

c. Please clarify if the applicant will pursue Joint Commission Accreditation.

The ASTC will pursue re-accreditation by the AAAHC (American Association for Accreditation of Health Care), the organization which had previously accredited this facility.



Page Seventeen November 24, 2014

Additional Supplemental Information

Attached after this page are two revised application pages. Page 28R has a corrected title (name of project) and page 35R corrects the entries for Urology cases in Years One and Two.

Also attached are Joint Commission Certificates of Distinction for TriStar Southern Hills Medical Center. The hip and knee certificates illustrate programs now growing at the hospital. A spinal program is also in place and the hospital anticipates Certificates of Distinction in that area too. This information is to illustrate why the hospital anticipates strong growth in its inpatient and outpatient surgery volumes.

It should also be mentioned that although the ASTC and the hospital are separate legal entities, HCA considers them to be operationally unified, in the sense that they are one provider entity for planning and evaluation purposes. Transfer of surgical cases from the hospital to the ASTC is not regarded as an adverse impact on their combined operations in terms of case volumes. So, although the hospital in these tables is incurring a "loss of surgeries", it is not adversely impacting the hospital in the view of the parent company because the "lost" cases are remaining within the company and within the control of TriStar Southern Hills' operational team.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant

John Wellbon

Table Seven: Demographic Characteristics of Primary Service Area Southern Hills Surgery Center	mographic Southerr	ographic Characteristics of Pri Southern Hills Surgery Center	tics of Prim ry Center	ary Service	Area
Demographic	DAVIDSON	RUTHERFORD WILLIAMSON County	WILLIAMSON	TENNESSEE PSA	STATE OF TENNESSEE
Median Age-2010 US Census	33.9	32.2	38.5	34.9	38.0
		Same and			
Total Population-2014	982'999	293,582	202,923	1,152,890	6,588,698
Total Population-2018	682,330	329,446	223,333	1,235,109	6,833,509
Total Population-% Change 2014 to 2018	4.0%	12.2%	10.1%	7.1%	3.7%
Age 65+ Population-2014	74,375	27,218	23,028	124,621	981,984
% of Total Population	11.3%	9.3%	11.3%	10.8%	14.9%
Age 65+ Population-2018	85,594	33,222	27,729	146,545	1,102,413
% of Total Population	12.5%	10.1%	12.4%	11.9%	16.1%
Age 65+ Population- % Change 2014-2018	15.1%	22.1%	20.4%	17.6%	12.3%
		11			
Median Household Income	\$46,676	\$55,105	\$91,146	\$64,309	\$44,140
TennCare Enrollees (4/14)	124,103	38,869	9,214	172,186	1,241,028
Percent of 2014 Population Enrolled in TennCare	18.9%	13.2%	4.5%	14.9%	18.8%
Persons Below Poverty Level (2014)	121,431	38,166	11,770	171,366	1,139,845
Persons Below Poverty Level As % of Population (US Census)	18.5%	13.0%	5.8%	14.9%	17.3%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts; TennCare Bureau. PSA data is unweighted average or total of county data, as appropriate.



Table Ten-B: Southern Hills Surgery Center Projected Utilization At Proposed New Location CY2017-CY2020								
OperatingProcedureTotalCases PerYearRoomsRoomsRoomsCases								
Yr 1 - 2017	3	2	5	3,170	634			
Yr 2 - 2018	3	2	5	3,602	720			
Yr 3 - 2019	3	2	5	3,710	742			
Yr 4 - 2020	3	2	5	3,821	764			
Yr 5 - 2021	3	2	5	3,936	787			

Year One projections were made by HCA on the basis of physician interviews with Southern Hills administration and HCA Surgery Center Division staff. For Year Two a 13.6% increase was projected as physician activity ramps up; for subsequent years, an annual caseload increase of 3% was projected.

Table Ten-C below is the HCA Surgery Center Division's projection of Years One and Two cases by medical specialty.

Table Ten-C: Southern Hills Surgery Center Projected Utilization in Years One and Two By Specialty										
Surgical Specialty	Surgical Specialty Year One (CY 2017) Year Two (CY 2018)									
Otolaryngology (ENT)	370	420								
General Surgery	282	320								
Gastroenterology (Endo)	1,584	1,800								
Gynecology	88	100								
Podiatry	327	372								
Urology	105	120								
Neurology/Spine	264	300								
Other	150	170								
Totals	3,170	3,602								

All of the projected Year One cases are expected to be moved to the ASTC from TriStar Southern Hills Medical Center, where they are now being performed as hospital outpatient surgeries. None of the projected cases depend on speculation about recruiting additional surgeons not currently on staff at Southern Hills; although this could occur by the time the relocated facility is completed.

Royce T. Adkins, M.D.

Melody R. Adler, M.D.

D. Phillips Altenbern, M.D.

Anne F. Anderson, M.D.

Brian C. Beatty, M.D.

Lewis J. Bellardo, M.D.

Anne Blake, M.D.

Phillip L. Bressman, M.D.

Jill F. Chambers, M.D.

James F. Daniell, M.D.

C. Wade Davidson, M.D.

Cathy A. Deppen, M.D.

Jeffrey D. Draughn, M.D.

Melanie A. Dunn, M.D.

Joe Michael Edwards, M.D.

Frederick L. Finke, M.D.

James H. Growdon, M.D.

Rhonda T. Halcomb, M.D.

Kevin M. Hamilton, M.D.

Katherine C. Haney, M.D.

M. Bruce Hirsch, M.D.

Lisa M. Jabusch, M.D.

Bryan R. Kurtz, M.D.

H. Newton Lovvorn Jr., M.D.

John W. Macey Jr., M.D.

Roseann Maikis, M.D.

Carol H. McCullough, M.D.

Sam Houston Moran, M.D.

Lisa B. Morgan, M.D.

Elizabeth L. Oldfield, M.D.

Richard E. Presley, M.D.

Melissa G. Reynolds, M.D.

Sherrie A. Richards, M.D.

Geoffrey H. Smallwood, M.D.

Catherine M.Thornburg, M.D.



November 25, 2014

TENNESSEE WOMEN'S CARE, PC

Obstetrics and Gynecology

November 12, 2014

343 Franklin Road | Suite 108 | Brentwood, TN 37027 T 615-373-1255 F 615-371-9040

Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

From: Stephen Michael Staggs M.D., M.T.S.

Tennessee Obstetrics & Gynecology

John Som

343 Franklin Road, Brentwood, Tennessee 37027

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

I have worked in Brentwood for 32 years on Franklin Road and patients need this surgery center.

Respectfully,

Stephen Staggs



Southern Hills Surgical Consultants

397 Wallace Road, Suite. C-414 Nashville, TN 37211 phone: 615-781-9499 fax: 615-781-3882 TriStarMedGroup.com

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Suhail H. Allos, M.D., FACS

James T. Ettien, M.D., FACS

Thomas C. Krueger, M.D., FACS

Jeff F. Seebach, M.D., FACS

Mark W. Shelton, M.D., FACS

Dear Mrs. Hill:

RE:

TRI STAR MEDICAL GROUP

November 12, 2014

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

CON Application to Relocate the Southern Hills Surgery Center

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: James T PETTIEN MD
Medical Specialty: Surgey

SUPPLEMENTAL #1

November 25, 2014



DR. DAVID GILPIN

Facial Plastic & Reconstructive Surgery, ENT

397 Wallace Road * Holmes Plaza * Suite 101 Nashville, TN 37211 * 615-942-7301 * www.DrDavidGilpin.com

November 12, 2014

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We could be interested in that opportunity and would appreciate the Agency's favorable consideration of this project.

Respectfully,

David A. Gilpin, M.D.

Facial Plastic and Reconstructive Surgery/Otolaryngology



November 12, 2014

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Signature: Polythand Mentile MD

Medical Specialty: Neurosurgery

IDV 25 114 AMBS

THE JOINT COMMISSION Recognizes

Southern Hills Medical Center Nashville, TN



Key Quality Measures Top Performer on

Heart Attack
 Heart Fallure
 Presumonia



November 25, 2014

8:45 am



Jerod M. Loeb, Ph. D. Executive Vice President Division of Healthcare Quality Evaluation

2h. Per

THE JOINT COMMISSION Recognizes

Southern Hills Medical Center Nashville, TN

as a

Top Performer on Key Quality Measures

Heart Attack
 Heart Fallure
 Pneumonia
 Surgical Care





Mangaret Van Grass,
Executive Vice President, Public Police
and Government Relations

HCO#7890

Southern Hills Medical Center

Nashville, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

June 13, 2013

Accreditation is customarily valid for up to 36 months.

Rebeccal, Patchin, MD. Chair, Board of Commissioners

Organization ID #: 7890
Print/Reprint Date: 09/19/13

Mark R. Chassin, MD, FACP, MPP, MPH

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

AMA

4

1/1

This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.

has been awarded to

Southern Hills Medical Center

Nashville, TN

for Advanced Certification as a

Primary Stroke Center



The Joint Commission

based on a review of compliance with national standards, clinical guidelines and outcomes of care.

July 2, 2014

Certification is customarily valid for up to 24 months.

Rebecca J. Patchin, MD Chair, Board of Commissioners ID #7890

Print/Reprint Date: 09/01/2014

Mark R. Chassin, MD, FACP, MPP, MPH

President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in certified organizations. Information about certified organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding certification and the certification performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.











has been awarded to

Southern Hills Medical Center

Nashville, TN

in the management of

Acute Coronary Syndrome



The Joint Commission

based on a review of compliance with national standards. clinical guidelines and outcomes of care.

June 26, 2014

Certification is customarily valid for up to 24 months.

Rebecca J. Patchin, MD

Chair, Board of Commissioners

ID #7890

Print/Reprint Date: 08/01/2014

Mark R. Chassin, MD, FACP, MPP, MPH

President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in certified organizations. Information about certified organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding certification and the certification performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.











has been awarded to

Southern Hills Medical Center

Nashville, TN

in the management of

Joint Replacement - Knee



The Joint Commission

based on a review of compliance with national standards, clinical guidelines and outcomes of care.

October 22, 2014

Certification is customarily valid for up to 24 months.

Rebecca J. Patchin, MD Chair, Board of Commissioners ID #7890

Print/Reprint Date: 11/07/2014

Mark R. Chassin, MD, FACP, MPP, MPH

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in certified organizations. Information about certified organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding certification and the certification performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.











SUPPLEMENTAL #1

CERTIFICATE OF DISTIN November 25, 2014

has been awarded to

Southern Hills Medical Center

Nashville, TN

in the management of

Joint Replacement - Hip



The Joint Commission

based on a review of compliance with national standards, clinical guidelines and outcomes of care.

October 22, 2014

Certification is customarily valid for up to 24 months.

Rebecca J. Patchin, MD Chair, Board of Commissioners ID #7890

Print/Reprint Date: 11/07/2014

Mark R. Chassin, MD, FACP, MPP, MPH

President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in certified organizations. Information about certified organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding certification and the certification performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.













AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Southern Hills Surgery Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

Signeture/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of November, 2014, witness my hand at office in the County of DAVIDSON, State of Tennessee.

NOTARY PUBLIC

My commission expires 7/2/2018

HF-0043

Revised 7/02



State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

November 20, 2014

John Wellborn Development Support Group 4219 Hillsboro Road, Suite 210 Nashville, Tennessee 37215

RE: Certificate of Need Application CN1411-047

Southern Hills Surgery Center

Dear Mr. Wellborn:

This will acknowledge our November 14, 2014 receipt of your application for a Certificate of Need to relocate Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County) TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. <u>I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.</u>

<u>Please submit responses in triplicate by 12:00 noon, Tuesday November 25, 2014.</u> If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A., Applicant Profile, Item 12

Please clarify how the existing Medicare and Medicaid certifications are current if the last cases at the ASTC were performed in 2008.

2. Section A., Applicant Profile, Item 6

The option to lease is noted. Please include the expected term and monthly payments.

3. Section B, Project Description, Item I.

In CN0412-110A the applicant stated up to 49% ownership in the ASTC will be offered to the surgeons on the medical staff of Southern Hills Medical Center. Please clarify if physicians pulling out of the venture were the reason for closing the surgery center? What has changed that would result in physicians willing to invest in the ASTC now?

Please clarify if the current license is in active or inactive status.

Why did the applicant decide to move 5.5 miles from the current location?

Why did the applicant decide to cease operations at the Southern Hills Surgery Center in 2008?

If there have been no surgeries at Southern Hills Surgery Center for the past 6 years, why is it needed now?

Where are Tri-Star patients that require outpatient surgeries in the Southern Hills area referred to now?

Can the applicant provide 2007 ASTC patient origin by zip code for Southern Hills Surgery Center? If so, please provide. If not available, please provide for the outpatient surgeries for Southern Hills Medical Center for the most recent year available.

Are there other locations closer to Southern Hills that could be viable options for relocation?

What is the current surgical volume at 360 Wallace Road, Nashville (Davidson County) TN 37211?

When will the lease expire at 360 Wallace Road?

Please complete the following chart:

Location	OR	#1		OR#3	PR #1	PR #1	Licensure
	SF		SF	SF	SF	SF	Standard (SF)
360 Wallace							
Road, Nashville,							
TN							
New Proposed							
Location			,				

Southern Hills Surgery Center (CN0412-110) was approved in February 2005 by the Agency. When did the ASTC open and close? When did it reopen as a department of the hospital?

In CN0412-110A the applicant stated the Southern Hills Surgery Center, LP project was needed to help alleviate the hospital campus' significant problems of physical accessibility due to congested parking on its constrained hilltop site. If this application is approved to relocate the ASTC, will those physical accessibility problems arise again on the main hospital campus of Southern Hills? Please clarify if physical accessibility issues have resurfaced since the closure of the ASTC in 2007.

Why did the applicant continue to lease the building at 360 Wallace Road, Nashville, TN for almost 7 years after the ASTC was shut down?

In CN0412-110A the applicant stated the impact of Southern Hills Surgery Center, LP project will primarily be on Southern Hills Medical Center itself, being a redeployment of Southern Hills' cases within its own campus. In addition, the applicant stated the projected case load of the facility amounted to approximately half of the surgical case volume at Southern Hills Medical Center in 2003 and almost two-thirds of the outpatient case volume. Please clarify if the surgical cases mentioned above remained at SHMC after approval of CN0412-110A. If not, where were the surgeries performed?

Please clarify how the hospital operated an endoscopy center at the Southern Hills Surgery Center which is licensed as an ASTC?

Please clarify if the hospital reported endoscopy cases performed in a licensed ASTC as being performed in a hospital setting in the Joint Annual Reports.

Please describe the location of the current ASTC in relation to Southern Hills Medical Center.

4. Section B, Project Description, Item II.A.

Please provide the square footage and costs per square footage chart as referenced in Attachment B.II.A.

5. Section B, Project Description, Item III.B.1.

Please provide an overview of bus services available at the current site at 360 Wallace Road, Nashville and the proposed site.

Please clarify if TennCare will provide round trip transportation for TennCare enrollees to the new site.

6. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and replacement of Health Care Institutions, #2.b)

The applicant has provided 10 letters of support from physicians for the proposed ASTC relocation. Please clarify if additional letters of physician support will be submitted expressing interest in participating at the new location.

Why has physician's interest in the ASTC resurfaced since 2008?

7. Section C, Need, Item 4.B.

In CN0412-010A, the applicant noted the area immediately around Southern Hills in southeastern Davidson County has a lower income and is more ethnically diverse than nearby parts of northern Rutherford and north Williamson Counties. The applicant stated Southern Hills surgery center will be very TennCare accessible. Please clarify how the applicant plans to serve the above mentioned population if the surgery center is moving 5.5 miles closer to Northern Williamson County.

What is the existing payor mix of surgical cases performed at 360 Wallace Road, Nashville?

8. Section C, Need, Item 6.

Please provide the following information for Southern Hills Medical Center for the most recent year available.

	No. of	Procedures	Procedures/	Minutes	Average	Schedulable	% of
	Rooms		Room	Used	Turnaround	minutes*	Schedulable
					Time		Time Used
Operating							
Rooms							
Endoscopy							
Procedure							
Rooms							
Cystoscopy							
Rooms							
Other							
Procedure							
Rooms							
Total					1		

Surgical				
Suite				

* defined as the summation of the minutes by each room available for scheduled cases Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

Please clarify why the applicant is only projecting a 25% increase in surgical cases from 2,519 in 2007 to 3,170 in 2017.

9. Section C. Economic Feasibility Item 1 (Project Cost Chart) and Item 3

Please clarify why the total construction cost of \$360.00/sq ft. is higher than the 3rd quartile construction cost of \$223.62 for ASTC projects approved by the Agency from 2011 to 2013.

10. Section C, Economic Feasibility, Item 4 (Historical Data Chart and Projected Data Chart)

If possible, please provide a historical data chart for 2007.

11. Section C, Economic Feasibility, Item 9

Please briefly discuss how the Affordable Care Act will impact unreimbursed patient care and profitability.

What was the ASTC payor mix in 2007? How does that compare to projected payor mix?

12. Section C, Economic Feasibility, Item 10

Please provide the latest audited financial statements for HCA Holdings, Inc.

13. Section C, Orderly Development, Item 2.

The applicant mentions moving several thousand annual cases from a hospital setting to an ASTC setting. Please complete the following chart to measure the impact on Southern Hills Medical Center of the surgical volume relocation.

Actual and Projected Surgical Utilization: 2007-2017 Southern Hills Medical Center and Southern Hills Surgery Center

	Southern This Wiedical Center and Southern This Surgery Center										
		2007	2008	2009	2010	2011	2012	2013	2014	2017	2018
Hospital	#ORs										
	#PRs										
	Cases										
	Inpatient										
	Outpatient										
	Cases/room										
	Procedures										
	Procedures/room										
		N .									
ASTC	#ORs										
	#PRs										
	Cases										
	Cases/room										
	Procedures										
	Procedures/room										

14. Section C, Orderly Development, Item 3.

Licensing and Accreditation Inspections are listed in the Index of Attachments. Please provide.

Since the hospital performed endoscopies in a licensed ASTC, please provide the latest licensure survey for the license listed below.

118.	Administrator: TIM EVANS	Facility License Number:
SOUTHERN HILLS	Owner Information:	00000185
SURGERY CENTER	SURGICARE OF SOUTHERN	Status: Licensed
360 WALLACE ROAD	HILLS, INC.	Date of Last Survey:
NASHVILLE, TN 37211	360 WALLACE ROAD	10/19/2006
Attn: TIM EVANS	NASHVILLE, TN 37211	Accreditation Expires:
(615) 332-3030	(615) 332-3030	Date of Original Licensure:
	*	07/26/2005
		Date of Expiration:
		07/22/2015

Please clarify if the applicant will pursue Joint Commission Accreditation.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application, the sixtieth (60th) day after written Notification is Monday, January 19, 2015. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-03(4)(d)(2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the <u>next review cycle</u>, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. \rightarrow 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Blille M. Juhn O Phillip M. Earhart

Health Services Development Examiner

PME

Enclosure